PSYCH CAPITAL PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2023

Registered number: 13351629

COMPANY INFORMATION

DIRECTORS	**J Colliver (appointed upon Admission to the AQSE on 9 June 2022)** **S Murphy** **W Potts** **N Ragoonanthun (appointed 1 June 2021, resigned 3 May 2022)**
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/**

PSYCH CAPITAL PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2023

CONTENTS

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 2023.

Highlights:

- The successful inaugural PSYCH Symposium was held at The National Gallery on the 11 May 2022, with leaders from science, advocacy, regulation, and finance in attendance, generating over £150,000 in revenues.

- Admission to AQSE Growth Market on 09 June 2022, listing the first 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 National Institute for Health and Care Research (NIHR) covering 66% of the costs.

- In November 2022, PSYCH published the fourth 'Psychedelics as a Medicine Report', the flagship information source for the industry, and hosted an event in London for 'Emerging Innovations in Psychedelic Healthcare', generating a combined £25,000 in revenue.

- The PSYCH platform grew the subscriber base by 2.3% to 38,000, an effective growth rate of 8% - 10% when taking account of standard industry churn metrics.

Post year end:

- In June 2023, the Company announced the agreement to acquire 100% of the issued share capital of Shortwave Pharma Inc. ("Shortwave Pharma"), a biopharmaceutical drug-development company, developing breakthrough therapies to address unmet medical needs in the field of mental health, with focus on the area of eating disorders, for £3.5m through a combination of cash and new ordinary shares.

- Hosted the second PSYCH Symposium at The British Museum on 6th July 2023, with over 300 delegates in attendance, with Shortwave Pharma CEO Rivki Stern joining Christian Angermayer, Robin Carhart-Harris, Charlotte Nichols, MP and Mikuláš Peksa MEP on stage. The event was supported by Cybin, Compass Pathways, Clerkenwell Health, FTI Consulting and Negev Capital.

DIRECTORS' 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 2023.

Psych's mission is to support and operate a new wave of scientific innovations that challenge the status quo and revolutionise how society deals with mental health conditions, and during the year the Company has continued to focus on 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
- Develop its business-to-business media and content platform (PSYCH) for the psychedelic science and healthcare industry.

Overview

During the year, the management team and the Psychedelic Medicines Technical Advisory Board ("PMTAB"), have invested significant time and resources in analysing potential disruptive psychedelic healthcare delivery models in the UK and Europe, and assessed M&A opportunities via the Company's network of experts, proprietary market intelligence, and access to deal flow. This range of expertise allowed the Company to critically evaluate the viability of potential target in terms of the strength of their scientific offering, intellectual property strategy, and operational viability within the UK and European regulatory frameworks. With delay in regulation that would pave the way for greater patient access, combined with rising costs of running patient centric business models, Psych Capital focused its efforts on early-stage drug development leveraging it's global scope for deal flow.

As part of this exercise, the Company signed an exclusivity agreement in November 2022 with Shortwave Pharma Inc. ("Shortwave Pharma"), a biopharmaceutical drug-development company, developing breakthrough therapies to address unmet medical needs in the field of mental health, and subsequently conducted extensive due-diligence process and commercial negotiations. The conclusion of the deal was announced by the Company post year end.

The Company held its inaugural PSYCH Symposium at the National Gallery on 11 May 2022 in London, generating over £150,000 in revenue, and with over 350 delegates in attendance, incorporating thought leaders from science, advocacy, regulation, and finance. In November PSYCH published the fourth 'Psychedelics as a Medicine Report', and hosted a PSYCH event in London for 'Emerging Innovations in Psychedelic Healthcare', attended by 60 industry leaders to evaluate milestones in the commercialisation of psychedelic medicine. The event and fourth edition of the report generated a combined £25,000 in corporate sponsorship revenue. The PSYCH platform grew the gross subscriber base by 2.3% to 38,000, equating to an effective growth rate of 8% - 10% when taking account of standard industry churn metrics.

Our investee company, Awakn Life Sciences Corp. ("Awakn"), obtained approval of Phase III of its Ketamine assisted therapy for alcohol use disorder program, with the National Institute for Health and Care Research (NIHR) providing funding of CA$2.5m. At 30 January 2023, the Company held a stake of approximately 1.3% in Awakn.

We strengthened the depth and experience of our management and advisory teams; with the appointment of an independent non-executive director and a CFO, and the appointment of the Conservative Party Drug Policy Reform Group ("CDPRG"), to the Company's Psychedelic Medicines Technical Advisory Board ("PMTAB").

Post year end

On 19th June 2023, the Company announced the agreement to acquire 100% of the issued share capital of Shortwave Pharma Inc. ("Shortwave Pharma"), a biopharmaceutical drug-development company, developing breakthrough therapies to address unmet medical needs in the field of mental health, with focus on the area of eating disorders, for £3.5m through a combination of cash and new ordinary shares.

Shortwave Pharma's initial program is a transformative therapy for anorexia nervosa, the most fatal eating disorder, a complex and often underserved area of healthcare. Eating disorders, including anorexia nervosa, bulimia nervosa, and binge-eating disorder, affect millions of individuals worldwide. According to the World Health Organization, it is estimated that approximately 9% of the global population suffers from an eating disorder, highlighting the significant market opportunity for effective treatments.

Shortwave Pharma developed a novel delivery method and drug combination for its initial eating disorders programme for anorexia nervosa. It has completed the preliminary early-stage activities that demonstrate the chemistry, manufacturing, and controls ("CMC") and preclinical abilities of its drug delivery product. The final product meets regulatory requirements for the early phases of the clinical studies. The preclinical programme has so far demonstrated not only the safety profile of the drug, but also the ability of the Shortwave Pharma's product to bring the active ingredients to the blood flow without the first pass metabolism, which, Shortwave Pharma believes, will dramatically improve the efficacy of the drug and will allow a better safety profile.

Shortwave Pharma is continuing with pre-clinical studies to complete the profiling of the drug, which should support the design of the clinical studies coming up later this year.

The terms of the deal incorporated an initial consideration of 71,170,131 new Ordinary Shares, 9,015,100 new Ordinary shares pursuant to deferred consideration shares 9,015,100, new Ordinary Shares of 7,499,998 pursuant to deferred guarantee shares of 7,499,998, and a cash payment of US$120,000. The consideration shares are due to be issued for trading on the AQSE Growth imminently, subject to the completion of regulatory filings with the tax authorities in Israel.

As part of the deal, Rivki Stern Youdkevich will join as CEO of the Company, and Shortwave have the right to appoint an additional board director to the Company within six months of the Completion Date. The management team of the enlarged group look forward to updating the market in the coming weeks.

Outlook and prospects

The Psychedelic industry, alongside the biotech sector as a whole, faces headwinds in terms of access to capital and associated wider macroeconomic pressures. The sector has experienced early sign of consolidation, such as Cybin Inc.'s acquisition of Small Pharma Inc., as management teams look to share resources and cut overhead; however inward investment continues to flow into the emerging sector, ranging from traditional pharma (exemplified by Otsuka Pharmaceutical's acquisition of Mindset Pharma Inc.), to multimillion positions from activist investors such Steve Cohen and Antonio Gracias supporting further research and clinical trials.

The directors are confident that the investment in Shortwave Pharma futureproofs the Company's strategy and is set to benefit from the growth in the psychedelic industry that is expected to grow from US$650 million in 2022 and exceed US$3 billion by 2026 according to the 4th Edition of The Psychedelics as Medicine Report.

Financial Review

Psych Capital Plc is pleased to announce the Company's annual results for the year to 30 April 2023.

Revenues of £188,882 were reported in the year, representing an increase of over 200% on the prior year (2022: £62,228), relating to ticket sales and sponsorship of the PSYCH Symposium, the fourth edition of the "The Psychedelics as a Medicine Report", and other PSYCH events, derived from clients in the United States of America, UK, Europe and the rest of the world. The gross profit margin increased by 6.2 basis points to 70.4% (2022: 64.2%). Administrative expenses increased by £164,022 to £678,957 (2022: £514,935), incorporating a full-year of expenditure on areas such as advertising and marketing, legal and audit, and a non-cash charge of £75,000 (2022: £62,500) relating to the amortisation of intangible assets. Expenditure on exceptional items of £83,459 (2022: £107,510) related to professional fees on the Admission to the AQSE. A share based payment non-cash charge of £334,277 (2022: £nil) was recorded in the year, due to the award of share options to directors, senior management and advisors in May 2022 prior to Admission.

An operating loss of £963,755 (2022: 582,474) was recorded in the year. Non-cash fair value loss on the investment in Awakn Life Sciences Corp of £247,037 (2022: gain of £38,541), combined with an impairment charge of £49,507, results in a statutory pre-tax loss of £1,260,299 reported in the year (2022: 543,933), and a basic loss per share of £0.0045 (2022: £0.0035).

Net assets totalled £805,445 at 30 April 2023 (2022: £476,067), incorporating £479,491 in cash and cash equivalents (2022: £322,634). The fair value of the investment in Awakn declined by £247,037 to £91,505 at the year end (2022: £338,542). Intangible assets, relating to the acquisition of the PSYCH platform, had a net book value of £262,993 (2022: £387,500), after amortisation and impairment. Trade and other receivables declined to £64,266 (2022: £150,568), predominately relating to reduction in prepayments for the PSYCH Symposium event in the prior year. Trade and other payables reduced significantly to £92,810 (2022: £723,177), predominantly due to a balance of £450,000 in the prior year relating to shares issued to Prohibition Holdings Ltd upon the Company's Admission to AQSE, in relation to the acquisition of the PSYCH assets, and lower deferred revenues due to the timing of the Symposium.

The Company incurred net cash outflows from operations of £623,543 (2022: £397,365), an increase of £226,178, as the Company incurred a full-year of directors salaries, outsourced bookkeeping function, and higher advertising costs. The Company raised net proceeds from the issue of shares of £780,400, net of £29,600 in transaction costs.

The Directors have prepared a cashflow forecast which indicates that additional funds will be required during the year to continue to operate as per the forecast. There are ongoing activities to raise the necessary funds but in the absence of the required funding being in place this condition indicates the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern.

The Company has over 290 million shares in issue.

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

The Board seeks to maximise shareholder value by investing in, acquiring and growing businesses within the psychedelic healthcare sector.

The Board monitors the following KPIs as relevant measures.

Performance Indicator	30 April 2023	30 April 2022	Commentary
Basic loss per share	£0.0045	£0.0035	The calculation of basic loss per share is detailed in note 8 to the accounts.
Net Assets	£805,445	£476,067	Total assets less liabilities.
Cash used in operations	£623,543	£397,365	Total comprehensive loss for the year, adjusted for non-cash items and for changes in working capital.
Number of PSYCH subscribers	37,893	37,030	Total active subscribers following PSYCH on social media and e-mail CRM database. Performance compares favourably to 6-8% industry churn.

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 2023, the effect of such a change in market price would have been approximately £9,000.

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
Strategic	**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. **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.
Financial	**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.
Operational	**Market Conditions** The performance of the PSYCH platform is dependent on both macro-economic factors, such as inflationary pressures, and the general sentiment and market conditions of the nascent psychedelic industry, both of which influence companies marketing and travel budgets, and individual consumer spending habits, To address this, the Company maintains the majority of overhead and direct cost budgets as variable costs, that can be flexed to the strength of forecasted sales.
Compliance	**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 substances 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.

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 Board 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 chairperson. 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 43)

An experienced Chief Financial Officer and board director, Joseph is a Fellow Chartered Accountant with extensive listed company, finance, commercial and consulting experience. Recently an executive and non-executive director of listed early-stage life sciences companies, where Joseph led financial reporting, M&A, strategy, and regulatory / corporate governance. Prior to this, Joseph spent ten years in senior leadership roles in the Kantar division of WPP PLC, including CFO at Kantar Futures, and Global Commercial Director of TNS, a multi-billion-dollar global market research agency. Joseph qualified as a chartered Accountant in the audit practice of Mazars LLP.

William Christopher Potts (Chief Investment Officer) (Aged 27)

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 37)

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

The Company held eleven board meetings in the year to 30 April 2023, 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), 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 30th October 2023 and was signed on its behalf by:

WPotts

William Potts
Director

DIRECTORS' REPORT

The Directors present their report together with the audited financial statement for the year ended 30 April 2023.

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 5 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 40.

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. The Independent Auditor's Report was unqualified. We draw attention to Note 2.3 on going concern in the financial statements, which indicates that the company is looking to raise funds in the coming months to continue its operations over the foreseeable future. Whilst there are no guarantees of the company being able to raise such funds, the directors are confident of obtaining further funding or investments. Accordingly, the directors consider that it is appropriate to continue to prepare the financial statements on a going concern basis. However, in the absence of the required funding being in place these conditions indicate the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern.

Substantial shareholders
On 30 April 2023 the following shareholders held an interest of 3% or more of the ordinary share capital of the Company:"

Prohibition Holdings Ltd	31.03%
Christopher Potts*	18.89%
Oscillate Plc	16.15%
Peterhouse Capital Limited	5.53%
Stephen Murphy**	4.22%
William Potts	3.70%
Robert Reid***	3.63%
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
William Potts
Stephen Murphy
Joseph Colliver – appointed upon Admission to AQSE on 9 June 2022

Directors' emoluments, included in staff costs:

	Salary/Fees/ Benefits	Share-based payment	Total emoluments 2023	Total emoluments 2022
	£	£	£	£
J Colliver	48,550	22,137	70,687	Nil
W Potts	41,100	57,558	98,658	30,000
S Murphy	44,300	57,558	101,858	20,000
N Ragoonanthan	-	-	-	27,500
TOTAL	**133,950**	**137,253**	**271,203**	**77,500**

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 three core pillars:

- Establish and develop promising suite of IP and clinical development with Shortwave Pharma to generate significant growth in value for the group.
- Identify, fund and support the building of future companies conducting clinical research programs to develop psychedelic drug development and therapeutic treatments; and
- Building it's business-to-business media and content platform (PSYCH) for the psychedelic science and healthcare industry to support strategic goals for the group.

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 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 has had 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 reviews and documents 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 has implemented 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

The Board comprises 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 is 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 has 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 is 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

The Board recognises the need for 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 until completion of SWP deal.

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.

The Board monitors 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

The Board strives 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.

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

Statement as to disclosure of information to 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.

Auditors

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

By order of the Board

WPotts

William Potts
Director

30th October 2023

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 2023 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 2023 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.

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.

Material uncertainty related to going concern.

We draw attention to note 2.3 in the financial statements, which indicates that the Company's ability to continue as a going concern is dependent on future fundraisings within the next twelve months from the date of approval of the financial statements.

As stated in note 2.3, this event or condition, indicates that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the Company’s ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's assessment of the going concern basis, including their evaluation of future funding requirements and funding availability, while challenging their key assumptions and inputs to ensure reasonableness and appropriateness;
- Assessing the Company’s liquidity and the impacts on the reliability of the going concern evaluation;
- Assessing whether key assumptions and inputs to the model were reasonable, in light of the Company’s relevant principal risks and uncertainties, and conducting our independent assessment of those risks; and
- Conducting sensitivity analysis on management's key assumptions and inputs against plausible scenarios.

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

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 £60,700 based on 5% of loss before tax per pre-year end management accounts. Materiality was subsequently reviewed based on final results and increased to £63,000.

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 £45,500.

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 £3,000. 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	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 flow as basis for the value-in-use (VIU) calculation and the estimate made to determine the valuation multiple for the fair value less cost to sell (FVLCS) calculation. Whichever is higher, the recoverable amount is compared to the carrying value of the intangible asset to determine any impairment. We have determined as part of our risk assessment that the VIU and FVLCS calculations have high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. Key assumptions include revenue, gross margin, cash flow forecast assumptions and valuation multiples.	We assessed management's allocation of assets for each CGU based on our knowledge of the Company and its operations. 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. We considered whether the revenue, and where relevant associated costs, used in the value in use calculations was reasonable. We benchmarked the key assumptions applied and considered whether these fell within our acceptable ranges. **Key observations:** Based on the procedures we performed, no issues arose from our work that suggested intangible assets are materially misstated.

Key audit matter		**How the scope of our audit addressed the key audit matter**
	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 identify an impairment and this has been recognised in the profit and loss.	
Fair value of investments	Investments were considered to be a key audit matter due to the size of the balance.	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. Our audit procedures in this area also included: - assessing compliance with the Company's accounting policy. - assessing the valuation adopted by management. **Key observations:** Based on the procedures we performed, no issues arose from our work that suggested investments are materially misstated.
Fair value of share based payments	Share based payments are material in size and involves management estimates in determining fair value, hence, considered as a key audit matter. The Directors used the Black Scholes model in the calculation of the fair value of the stock options and warrants granted during the year. The key inputs to the calculation include volatility of the share price and expected maturity. A change on these inputs has a significant impact in the fair value.	We reviewed the assumptions and inputs used in the calculation by looking into external sources such as the historical share price and the interest rates applicable. **Key observations:** Based on the procedures we performed, no issues arose from our work that suggested share based payments are materially misstated.

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.

AdlerShine

Christopher Taylor FCA (Senior Statutory Auditor)
For and on behalf of Adler Shine LLP
Chartered Accountants and Statutory Auditor
Aston House
Cornwall Avenue
London
N3 1LF
30th October 2023

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2023

	Note	Year ended 30 April 2023 £	Year ended 30 April 2022 £
Revenue	3	188,882	62,228
Cost of sales		(55,944)	(22,257)
Gross profit		**132,938**	**39,971**
Administrative expenses	4, 5	(678,957)	(514,935)
Exceptional operating items	4	(83,459)	(107,510)
Share based payments		(334,277)	
Operating loss		**(963,755)**	**(582,474)**
Fair value (loss)/gain on fixed asset investments	9	(247,037)	38,541
Impairment loss on intangible assets	13	(49,507)	-
Loss on ordinary activities before taxation		**(1,260,299)**	**(543,933)**
Income tax	7	-	-
Total comprehensive loss for the financial year		**(1,260,299)**	**(543,933)**
			(restated)
Basic loss per share attributable to owners of the company	8	(0.0045)	(0.0035)

The notes on pages 25 to 40 form part of these financial statements.

PSYCH CAPITAL PLC

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 APRIL 2023 **Company number: 13351629**

	Note	As at 30 April 2023	As at 30 April 2022 £
Non-current Assets			
Intangible assets	13	262,993	387,500
Investments	9	91,505	338,542
Total Non-current Assets		354,498	**726,042**
Current Assets			
Cash and cash equivalents	10	479,491	322,634
Trade and other receivables	11	64,266	150,568
Total Current Assets		**543,757**	**473,202**
Current Liabilities			
Trade and other payables	12	92,810	723,177
Total Liabilities		**92,810**	**723,177**
Net Current Assets/(Liabilities)		**450,947**	**(249,975)**
Net Assets		**805,445**	**476,067**
Equity			
Issued share capital	14	290,033	183,333
Share premium		1,680,832	836,667
Share based payments reserve		638,812	-
Retained earnings		(1,804,232)	(543,933)
Total Equity		**805,445**	**476,067**

These financial statements were approved and authorised by the Board on 30th October 2023 and signed on its behalf by:

William Potts
Director

The notes on pages 25 to 40 form part of these financial statements.

PSYCH CAPITAL PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2023

	Share capital	Share premium	Share based payments reserve	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**
Transactions with equity owners					
Share-based payments	90,500	384,500	-	-	475,000
Ordinary shares issued	16,200	793,800	-	-	810,000
Transaction costs	-	(29,600)	-	-	(29,600)
Share options/warrants issued	-	(304,535)	638,812	-	334,277
Total comprehensive income for the year ended 30 April 2023	-	-	-	(1,260,299)	(1,260,299)
As at 30 April 2023	**290,033**	**1,680,832**	**638,812**	**(1,804,232)**	**805,445**

The notes on pages 25 to 40 form part of these financial statements.

PSYCH CAPITAL PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2023

	Note	Year ended 30 April 2023	Year ended 30 April 2022 £
Cash flows from operating activities			
Loss before tax		(1,260,299)	(543,933)
Adjusted for:			
Fair value loss/(gain) on investments	9	247,037	(38,541)
Amortisation of intangible assets	13	75,000	62,500
Impairment of intangible assets		49,507	-
Share-based payments – share options and warrants		334,277	-
Decrease/(increase) in trade and other receivables	11	86,302	(150,568)
(Decrease)/increase in trade and other payables	12	(155,367)	273,177
Net cash used in operating activities		**(623,543)**	**(397,365)**
Cash flows from investing activities			
Purchase of investments	9	-	(240,001)
Net cash used in investing activities		**-**	**(240,001)**
Cash flows from financing activities			
Proceeds from the issue of shares	14	780,400	960,000
Net cash generated from financing activities		**780,400**	**960,000**
Net increase in cash and cash equivalents		156,857	322,634
Cash and cash equivalents at beginning of year		322,634	-
Cash and cash equivalents at end of year		**479,491**	**322,634**

The notes on pages 25 to 40 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 is to identify, fund and build future leaders in psychedelic science and healthcare.

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) and in conformity with the requirements of the Companies Act. 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 2022.

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.

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

2.3 Going concern

The Company has reported a loss for the year of £1,260,299 (2022: £543,933). As at 30 April 2023, cash and cash equivalents amounted to £479,491 while net assets amounted to £805,445.

The Directors have prepared a cashflow forecast which indicates that additional funds will be required during the year to continue to operate as per the forecast. There are ongoing activities to raise the necessary funds but in the absence of the required funding being in place this condition indicates the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern.

The Directors are confident that the Company will be able to secure sufficient cash inflows for the Company to continue its activities for not less than 12 months from the date of approval of these financial statements. Accordingly, they have therefore prepared the financial statements on a going concern basis.

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 sponsorship income and ticket sales derived from running Symposia and Investor Events for individuals and organisations interested in the industry, and from publication of the PSYCH report. Revenue is recognised upon holding the relevant event or 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 Company 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. It is carried at cost less accumulated amortisation and accumulated impairment losses.

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.

At each balance sheet date, the directors review the carrying amounts of intangible fixed assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use is estimated in order to determine the extent of the impairment. Any resulting impairment is recognised as an ordinary activity in the Statement of Comprehensive Income.

The estimated useful life and amortisation method are reviewed at the end of each reporting period.

2.6 Investments

Investments are accounted for at cost less impairment. At each balance sheet date, the directors review the carrying amounts of investments to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its cost is estimated in order to determine the extent of the impairment less. Any resulting impairment is recognised as an ordinary activity in the Statement of Comprehensive Income.

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

Retained earnings reserve includes retained losses since the Company's incorporation on 22 April 2021.

Share options reserve includes the fair value at grant date of the equity-settled share-based payments provided to employees and third parties.

2.13 Dividends

Dividends are recognised when they become legally payable. No dividend has been declared or paid by the Company during the year ended 30 April 2023 (2022: NIL).

2.14 Share-based transactions

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are considered by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with the fair value of goods and services received.

2.15 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 2023, the effect of such a change in market price would have been approximately £9,000.

Foreign Exchange Risk
The Company's holds a Canadian Dollar denominated investment valued at £91,504 at 30 April 2023, 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. 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 £9,000. 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.

2.16 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.

2.17 Exceptional items

Exceptional items have been disclosed separately on the face of the Consolidated Statement of Comprehensive Income in order to summarise the underlying results. Exceptional items in the current and prior period relate to professional fees incurred in connection with the Company's admission to AQSE. Exceptional items are not defined by IFRS however the directors believe that the disclosures presented in this manner provide a clearer presentation of the underlying financial performance of the Company.

3 Revenue

	2023 £	2022 £
Revenue arises from the following streams:		
Revenues from sponsorship of the PSYCH Report and Symposia, and attendance ticket sales	188,882	62,228
	188,882	**62,228**

	2023 £	2022 £
Sales by geographic area:		
Rest of World	15,000	32,719
United Kingdom	30,961	15,170
Europe	47,000	10,863
United States of America	95,921	3,476
	188,882	**62,228**

4 Expenses by nature

	2023 £	2022 £
Consultancy fees	134,786	177,438
Advertising and marketing	97,056	79,602
Audit and accountancy	44,416	17,988
Legal and professional fees	35,015	14,291
Professional fees for AQSE application, treated as an exceptional item	83,459	107,510
Amortisation of intangible assets	75,000	62,500
Impairment of intangible assets	49,507	-

5 Auditor's remuneration

Fees payable to the Company's auditor and in respect of:	2023 £	2022 £
Audit of financial statements	16,000	12,500

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

6 Staff Costs

	2023 £	2022 £
Wages and Salaries	191,092	77,500
Social Security costs	11,610	-
Pension costs	-	-
Share based payments	137,253	-
	339,955	77,500

Wages and Salaries include Directors' fees paid to their personal services companies until they were put on payroll in June 2022.

The average number of employees for the Company in the year was four (2022: 3), being the three directors and the CFO.

Directors' emoluments, included in staff costs:

	Salary/Fees/ Benefits £	Share-based payments £	Total emoluments 2023 £	Total emoluments 2022 £
J Colliver	48,550	22,137	70,687	-
W Potts	41,100	57,558	98,658	30,000
S Murphy	44,300	57,558	101,858	20,000
N Ragoonanthan	-	-	-	27,500
TOTAL	**133,950**	**137,253**	**271,203**	**77,500**

7 Income tax expense

	2023 £	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:

	2023 £	2022 £
Loss before tax	(1,260,299)	(543,933)
Tax calculated at the rate applicable to loss (19%)	(239,457)	(103,347)
Effects of:		
Non-tax deductible share based payment and losses	119,856	-
Non-taxable income from fair value gain on fixed asset investments	-	(7,323)
Tax losses for which no deferred tax asset was recognised	119,601	110,670
Tax charge	**-**	**-**

Factors affecting future tax charges

From 1 April 2023 the corporation tax rate increased to 25% for companies with profits of over £250,000. A small profits rate was also 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.

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.

	2023	**2022**
	£	**£**
Loss attributable to equity holders of the Company	1,260,299	543,933
Weighted average number of ordinary shares in issue	278,632,513	155,317,399
Loss per share (£)	**0.0045**	**0.0035**

The weighted average number of shares for the year ended 30 April 2022 was incorrectly calculated and has been restated in this note.

9 Investments

	2023	**2022**
	£	**£**
Fair value movements in investments	(247,037)	38,541
Fair valuation movements in financial assets designated at fair value through profit or loss	(247,037)	**38,541**

	2023	**2022**
	£	**£**
Brought forward	338,542	-
Additions to level 1 investments	-	300,000
Net fair value (loss)/gain for the year	(247,037)	38,541
Acquisition of Blossom Labs Limited	-	1
At 30 April 2023	**91,505**	**338,542**

The Company owns 426,000 shares in Awakn Life Sciences Corp, a Canadian biotechnology company listed on the NEO Exchange and OTCQB markets. At 30 April 2023 these shares had a market value of £91,504 (2022: £338,541)

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 2023, and was dissolved on 26 September 2023.

10 Cash and cash equivalents

	2023	**2022**
	£	**£**
Cash and cash equivalents	479,491	322,634
Total	**479,491**	**322,634**

11 Trade and other receivables

	2023 £	2022 £
Trade receivables	6,515	23,074
Other receivables	16,894	96,966
Prepayments	40,857	30,528
Total	**64,266**	**150,568**

The Directors consider that the carrying values of trade and other receivables measured at book value and amortised cost approximates to their fair value.

12 Trade and other payables

	2023 £	2022 £
Trade payables	16,376	101,051
Other payables	-	475,000
Deferred revenue & accruals	76,434	147,126
Total	**92,810**	**723,177**

Included in other payables at 30 April 2022 was 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 on the Company's Admission to AQSE.

The Directors consider that the carrying values of trade and other payables measured at book value and amortised cost approximates to their fair value.

13 Intangible fixed assets

	Software	Total
	£	£
Cost		
At 30 April 2022	450,000	450,000
Additions		
At 30 April 2023	450,000	450,000
Amortisation		
At 30 April 2022	62,500	62,500
Amortisation charge	75,000	75,000
Impairment charge	49,507	-
At 30 April 2023	187,007	137,500
Net book value		
At 30 April 2022	262,993	387,500
At 30 April 2023	**312,500**	**312,500**

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.

Impairment

The company is required to test, on an annual basis, whether intangibles have suffered any impairment or when there are indications that the value of the assets might be impaired.

Impairment is calculated by comparing the carrying amounts to the recoverable amount being the higher of value in use derived from discounted cash flow projections or the fair value less costs to sell. Value in use calculations are based on a discounted cash flow model (“DCF”), which discounts expected cash flows over a five-year period using a pre-tax discount rate of 13.4%. Cash flows beyond the five-year period are extrapolated using a long-term average growth rate of 2%. The fair value less costs to sell was based on a multiple of revenue less estimated costs to sell. Management have performed the annual impairment review as required by IAS 36 and have concluded that an impairment of £49,507 is required.

14 Share capital

	Number of ordinary shares	Share capital
		£
At incorporation of £0.0001 each	2	-
Ordinary shares issued at £0.0001 each	39,998	4
Total shares at £0.0001 each	**40,000**	**4**
Share consolidation:		
40,000 shares at £0.0001 each consolidated into		
4,000 shares at £0.001 each	4,000	4
Total shares at £0.001 each	**4,000**	**4**
Ordinary shares issued at £0.001 each	49,996,000	49,996
Ordinary shares issued at £0.005 (of £0.001 each)	100,000,000	100,000
Ordinary shares issued at £0.015 (of £0.001 each)	33,333,335	33,333
At 30 April 2022	**183,333,335**	**183,333**
Ordinary shares issued at £0.005 (of £0.001 each)	16,200,000	16,200
Ordinary shares issued at £0.005 (of £0.001 each) as share-based payment to Prohibition Holdings Ltd for the PSYCH Platform	90,000,000	90,000
Ordinary shares issued at £0.05 (of £0.001 each) as share-based payment to CPDRG for consultancy services	500,000	500
At 30 April 2023	**290,033,335**	**290,033**

	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**
Ordinary shares issued at £0.005 (of £0.001 each) at admission to AQSE	16,200,000	16,200	793,800	810,000
Ordinary shares issued at £0.005 (of £0.001 each) as share-based payment to Prohibition Holdings Ltd for the PSYCH Platform	90,000,000	90,000	360,000	450,000
Ordinary shares issued at £0.05 (of £0.001 each) as share-based payment to CPDRG for consultancy services	500,000	500	24,500	25,000
Share-based payments options and warrants	**-**	**-**	(304,535)	(304,535)
Transaction costs	**-**	**-**	(29,600)	(29,600)
At 30 April 2023	**290,033,335**	**290,033**	**1,680,832**	**1,970,865**

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.

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. At the same time the company issued 90,000,000 ordinary shares to acquire the PSYCH platform intangible assets from Prohibition Holdings Ltd, and 500,000 ordinary shares to CPDRG as a payment for consulting services received.

The issue of 16,200,000 shares gave rise to a share premium of £793,800 and a charge to share premium of £29,600 for transaction costs.

The share-based payments to Prohibition Holdings Ltd and CPDRG gave rise to a share premium of £360,000 and £24,500 respectively.

Share options and broker warrants

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

15,917,916 share options are exercisable at a strike price of 5p, 7,958,958 share options are exercisable at a strike price of 6p and 7,958,958 share options are exercisable at 8p.

On 23 May 2022, the Company granted 14,501,667 warrants to its brokers at a strike price of 5p. The options were exercisable upon a successful Admission to AQSE and lapse after five years from this date.

The fair value of the share options and the broker warrants issued in the 6 months to 31 October 2022 was derived using a Black Scholes model. The following key assumptions were used in the calculations:

Grant Date	23 May 2022
Exercise price	5p – 8p
Share Price on date of admission	4.5p
Risk free rate	2.19%
Volatility	55%
Expected life – share options	2 years
Expected life – broker warrants	5 years

Volatility was determined by reference to the standard deviation of daily share prices.

The expected lives used in the model are the relative terms of the share options and the broker warrants.

The risk-free rate used was the yield on 10 year UK Gilts on 9 June 2022.

Movements in the number of options and their weighted average exercise prices are as follows:

		Options		Warrants
	Weighted average exercise price (pence) 2023	Number of options 2023	Weighted average exercise price (pence 2023	Number of warrants 2023
Outstanding at the beginning of the year		-		-
Granted during the year	7	31,835,832	5	14,501,667
Outstanding at the end of the year	7	31,835,832	5	14,501,667
Exercisable at the end of the year		31,835,832		14,501,667

The weighted average remaining contractual life for the share options outstanding as at 30 April 2023 is one year.

The weighted average fair value of options granted during the year is £0.0105.

The range of exercise prices for options outstanding at the end of the year is £0.05 to £0.08.

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 2023 £	Loans and receivables 2022 £
Trade and other receivables	11	64,266	150,568
Cash and cash equivalents	10	479,491	322,634
		543,757	**473,202**

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

Financial liabilities	Note	Financial liabilities measured at amortised cost 2023 £	2022 £
Trade and other payables	12	(92,810)	(723,177)
		(92,810)	**(723,177)**

16 Controlling party

The directors consider that as at 30 April 2023, Prohibition Holdings Limited was considered to be the controlling party.

17 Related party transactions

During the year ended 30 April 2023 the Company was invoiced £69,747 for marketing and creative solutions by PP Intelligence Limited, a company of which S Murphy is the sole director. At 30 April 2023 the Company owed £6,600 to PP Intelligence Limited. At 30 April 2022 the Company was owed £62,228 by, and owed £45,302 to PP Intelligence Ltd.

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 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 19th June 2023 - Psych Capital PLC announced that it has agreed to acquire 100% of the issued share capital of Shortwave Pharma Inc. ("Shortwave Pharma"), a biopharmaceutical drug-development company ("Acquisition"), expanding the Company's pharmaceutical portfolio to address the growing market for eating disorders. The main terms of the Share Purchase Agreement ("SPA") are outlined further below.

Principal Deal Terms

Psych Capital has agreed to pay £3.5m through a combination of cash and new ordinary shares of £0.001 each ("Ordinary Shares") as follows:

- Initial consideration shares of 71,170,131 new Ordinary Shares to be issued at a presumed price of £0.04 per share.
- New Ordinary Shares of 9,015,100 pursuant to deferred consideration shares of 9,015,100. The deferred consideration shares will be issued conditionally on Shortwave Pharma obtaining a positive examiner opinion including at least one novel and non-obvious claim in at least one patent application filed under the Patent Cooperation Treaty (PCT) filings taking priority from the currently submitted US provisional applications. The conditionality must be met by 31 December 2024 in order for the deferred consideration shares to be issued.
- New Ordinary Shares of 7,499,998 pursuant to deferred guarantee shares of 7,499,998. The deferred guarantee shares will be issued on the first anniversary of the Completion Date, subject to no claims in respect of warranties set out in the SPA.
- Cash payment of US$120,000.
- Consideration subject to 12-month lock-in followed by 12-month orderly market agreement.

Concurrently with the Acquisition, Shortwave Pharma has raised US$510,000 (including the US$120,000 cash payment by the Company) through a simple agreement for future equity ("SAFE").

The acquisition of Shortwave Pharma by Psych Capital PLC positions the combined entity as a leading player in the field of eating disorder treatments. By leveraging Shortwave Pharma's expertise in drug development, coupled with Psych Capital's extensive resources and global network, as well as its commitment to innovation in the field of mental health, the combined entity aims to accelerate the development of novel therapies and address the urgent needs of patients suffering from these critical illnesses.

Upon deal completion Rivki Stern Youdkevich of Shortwave Pharma will join as CEO of the Company and as board member of Psych Capital. In addition, the Warrantors of Shortwave Pharma have the right to nominate an additional board director of Psych Capital within six months of the Completion Date, subject to background or regulatory checks as required by the AQUIS adviser.