



Shortwave

Life Sciences

SHORTWAVE LIFE SCIENCES PLC
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 2024

Registered number: 13351629

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COMPANY INFORMATION

DIRECTORS	S Murphy R Stern Youdkevich (appointed 7 November 2023) R Kait (appointed 7 November 2023; resigned 30 October 2024) J Colliver (resigned 7 November 2023) W Potts (resigned 5 April 2024)
COMPANY SECRETARY	K Mildwaters (appointed 3 May 2022)
REGISTERED NUMBER	13351629
REGISTERED OFFICE	124 City Road London England EC1V 2NX
INDEPENDENT AUDITOR	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://shortwavelifesciences.com/

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SHORTWAVE LIFE SCIENCES PLC

WELCOME TO SHORTWAVE LIFE SCIENCES PLC

FOR THE YEAR ENDED 30 APRIL 2024

WELCOME TO SHORTWAVE LIFE SCIENCES PLC

Shortwave Life Sciences Plc, formerly Psych Capital plc., (AQSE: PSY), (or "SWLS", or "the Company") pioneering breakthrough therapies that transform the landscape of mental health care, is pleased to announce its results for the year ended 30 April 2024.

Highlights:

- In June 2023, the Company announced the agreement to acquire 100% of the issued share capital of Shortwave Pharma Inc. ("Shortwave Pharma", or "SWP"), 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 £2.8m through a combination of cash and new ordinary shares.
- The Company hosted the second PSYCH Symposium at The British Museum on 6 July 2023, with over 300 delegates in attendance, with Shortwave Pharma CEO Rivki Stern Youdkevich 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.
- On 7 November 2023, the Company announced the successful completion of the Shortwave Pharma acquisition deal, formally completing the acquisition of Shortwave Pharma, solidifying the Company's position as a leader in the development of transformative therapies and signalling its pivot towards operational drug development in the field of mental health
- The PSYCH platform grew the subscriber base by 50% to 57,000.

Post year end:

- On 6 June 2024, the Company strategically rebranded and was renamed "Shortwave Life Sciences Plc", reflecting the Company's reaffirmed commitment to the advancement of innovative solutions through drug development for mental health care, including via psychedelics-based therapies, with a focus on eating disorders. Relying on its combined finance and pharma expertise, the Company aims to further identify and grow early stage, best-in class candidates for innovative treatments delivering impactful solutions in mental health care.
- On 8 July 2024, the Company announced that its PCT application no. PCT/IL2023/050442 entitled: "A Mucoadhesive Film Comprising a Pharmaceutically Active Agent And Uses Thereof" has received a positive report from the PCT examining authority acknowledging all of its claims as novel, non-obvious and industrially applicable. This major milestone confirming its mucoadhesive buccal film as free of prior art enables the continued development of the Company's first drug product as well as opens it up for additional commercialization opportunities in licensing the film to potential pharma partners.
- On 19 September 2024, Shortwave Life Sciences achieved a significant breakthrough in its drug development path, announcing positive safety results from its latest pre-clinical pharmacodynamics study, demonstrating the safety of its proprietary psilocybin-based drug combination at elevated doses. The study results showed no adverse effects, weight changes, or behavioral changes following the psychedelic effects. All subjects remained healthy and unaffected during the trial, marking a strong foundation for future clinical development.

DIRECTORS' STATEMENT

We are pleased to present the results for Shortwave Life Sciences Plc (or "SWLS", or "the Company") (formerly Psych Capital Plc) for the year ended 30 April 2024.

SWLS's mission is pioneering breakthrough therapies that transform the landscape of mental health care. It is dedicated to developing novel drug combinations and delivery methods for patients with life-threatening, unmet mental health needs, and to bridging the discovery gap between early-stage drug innovation and established pharma. With a team of dedicated experts and a commitment to innovation, Shortwave Life Sciences is uniquely positioned to introduce and develop solutions for the complex challenges of mental health disorders worldwide. It is committed to identifying, operating and developing early-stage, breakthrough initiatives which revolutionize treatment strategies in mental health care, with an initial focus on eating disorders.

- During the year, the Company focused on its mission of acquiring companies conducting clinical research programs to develop psychedelic drug development and therapeutic treatments. It was successful in completing its first acquisition in the field.
- The Company continued to develop its business-to-business media, conferencing and content platform (PSYCH) for the psychedelic science and healthcare industry.

Overview

During the year, and after a thorough and exhaustive search of potential candidates for acquisition in the field of innovative treatments and solutions in the field of mental health, and having leveraging its global scope for deal flow, SWLS focused its efforts on completing the acquisition of Shortwave Pharma Inc. ("Shortwave").

On 19 June 2023, the Company announced the agreement to acquire 100% of the issued share capital of Shortwave, 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 £2.8m 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.

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.

The Company hosted the second PSYCH Symposium at The British Museum on 6 July 2023, with over 300 delegates in attendance, with Shortwave Pharma CEO Rivki Stern Youdkevich 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.

On 7 November 2023, The Company announced the completion of its acquisition of life science company Shortwave Pharma Inc. ("Shortwave Pharma"). As part of the deal, Rivki Stern Youdkevich joined as CEO of the Company and as Director, and Roy Kait joined the Board of Directors of SWLS as non-executive director. Upon completion of the Shortwave acquisition, Josphe Colliver, former Chairman of Psych Capital, resigned.

On 5 April 2024, William Potts, co-founder of Psych Capital and Chief Investment Officer, stepped down from his role as a director of the Company but remained as a Strategic Adviser of the Company.

Post year end

On 6 June 2024, the Company strategically rebranded and changed its name from Psych Capital plc to "Shortwave Life Sciences Plc", reflecting the Company's enhanced commitment to the advancement of innovative solutions through drug development for mental health care, including via psychedelics-based therapies, with a focus on eating disorders. Relying on its combined finance and pharma expertise, the Company aims to further identify and grow early stage, best-in class candidates for innovative treatments delivering impactful solutions in mental health care.

On 8 July 2024, the Company announced that its PCT application no. PCT/IL2023/050442 entitled: "A Mucoadhesive Film Comprising a Pharmaceutically Active Agent And Uses Thereof" has received a positive report from the PCT examining authority acknowledging all of its claims as novel, non-obvious and industrially applicable. This major milestone confirming its mucoadhesive buccal film as free of prior art enables the continued development of the Company's first drug product as well as opens it up for additional commercialization opportunities in licensing the film to potential pharma partners.

On 19 September 2024, Shortwave Life Sciences achieved a significant breakthrough in its drug development path, announcing positive safety results from its latest pre-clinical pharmacodynamics study, demonstrating the safety of its proprietary psilocybin-based drug combination at elevated doses. The study results showed no adverse effects, weight changes, or behavioral changes following the psychedelic effects. All subjects remained healthy and unaffected during the trial, marking a strong foundation for future clinical development.

Outlook and prospects

As the gap between effective mental health care treatments, and the growing worldwide need in this area continues to widen, innovative solutions must be found, with psychedelics-based drugs and delivery being strong candidates. Patients and the general public are becoming increasingly aware and exposed to the development, research, and distribution of psychedelic compounds for therapeutic purposes. Backed by growing scientific validation as more companies reach later-stage clinical trials, and with regulations evolving worldwide, psychedelics-based treatments and medication present a unique opportunity within the expanding healthcare industry, and specifically, for mental healthcare.

Analysts, including those at companies like Bloomberg, have predicted that the psychedelic drug market could grow significantly, potentially reaching a market size exceeding \$8 billion by 2028. This growth is expected as a result of new state legislation and increased investment in research and development of psychedelic therapies ([Filament Health](#), 4th Edition of [The Psychedelics as Medicine Report](#).) With this, the outlook for the psychedelic industry, alongside the biotech sector as a whole, is positive as we broach 2025.

Eating disorders, including anorexia nervosa, bulimia nervosa, and binge-eating disorder, represent a significant global health challenge, affecting millions of individuals worldwide and growing at an alarming rate. Some of these disorders, such as anorexia nervosa, have no approved pharmacological solution to date. Shortwave Life Sciences is committed to leveraging cutting-edge drug design, novel delivery methods, and decades of drug development expertise to develop and support transformative therapies for these debilitating conditions.

It is with this outlook as well as the continually widening gap between supply and demand for effective treatments especially in the field of eating disorders, that the Company has decided to enhance its focus on innovative drug development and to rebrand as "Shortwave Life Sciences Plc". Relying on its combined finance and pharma expertise, the Company will aim to further identify and grow early stage, best-in class candidates for innovative treatments delivering impactful solutions in mental health care.

The directors are confident that the Company's strategy and is set to benefit from the growth in the psychedelic industry in 2025 and beyond.

Financial Review

Shortwave Life Sciences Plc is pleased to announce the Company's annual results for the year to 30 April 2024.

Revenues of £56,694 were reported in the year, a decrease of 70% on the prior year (2023: £188,882) due to the on-going macro-economic environment which has negatively impacted demand for data, content and symposiums and has adversely affected appetite for sponsorships, advertising and marketing in the psychedelic sector. The gross profit margin declined to 8% (2023: 70.4%) which was mainly due to the high fixed cost component of the PSYCH events. Administrative expenses decreased by £34,204 to £644,756 (2023: £678,957), despite the fees incurred and work performed around the SWP acquisition, with a significant decline in consultancy fees, but a minor increase in salaries reflecting a larger executive team for the period around the acquisition. Non-cash charges of £109,168 (2023: £75,000) relating to the amortisation of intangible assets including Goodwill formed through the acquisition of SWP and the continued amortization of the PSYCH media platform during the year. Expenditure on exceptional items of £83,459 in 2023 related to professional fees on the Admission to the AQSE. A share-based payment non-cash charge of £206,136 (2023: £137,253) was recorded in the year, for the award of share options to directors and advisors following the SWP acquisition.

An operating loss of £846,338 (2022: £963,755) was recorded in the year. Non-cash fair value loss on the investment in Awakn Life Sciences Corp of £46,698 (2023: loss of £247,037), combined with an impairment charge of £189,875 on the Psych platform asset which has become external to the Company's new focus on drug development, results in a statutory pre-tax loss of £1,082,911 reported in the year (2023: £1,260,299), and a basic loss per share of £0.0033 (2023: £0.0045).

Net assets for the group totalled £2,626,892 at 30 April 2024 (2023: £805,445), incorporating £72,300 in cash and cash equivalents (2023: £479,491). The fair value of the investment in Awakn declined by £46,698 to £44,807 at the year-end (2023: £91,504). Intangible assets relate to the acquisition of the PSYCH platform, had a net book value of £10,000 (2023: £262,993), after amortisation and impairment, and were increased by £2,903,942 with the acquisition of SWP, representing Intellectual property and goodwill emanating from the acquisition. Trade and other receivables declined to £16,626 (2023: £64,267), predominately relating to reduction in prepayments for the PSYCH Symposium and event activity in the year. Trade and other payables reduced to £77,453 (2023: £92,810).

The group incurred net cash outflows from operations of £492,054 (2023: £623,543), a decrease of £131,489, as a result of larger non-cash impairment and amortisation in the year related to the intangible assets formed by the acquisition of SWP. The Company issued 88,257,427 shares mostly surrounding the share-based acquisition of SWP which includes ordinary and deferred shares.

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 370,790,764 ordinary 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 2024	30 April 2023	Commentary
Basic loss per share	£0.0033	£0.0045	The calculation of basic loss per share is detailed in note 8 to the accounts.
Net Assets	£2,626,892	£805,445	Total assets less liabilities.
Cash used in operations	£492,054	£623,543	Total comprehensive loss for the year, adjusted for non-cash items and for changes in working capital.
Number of PSYCH Audience Database	57,224	37,893	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 2024, the effect of such a change in market price would have been approximately £5,000.

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	<p>Regulatory risks associated with medical psychedelic drugs</p> <p>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.</p> <p>Change of laws</p> <p>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.</p>
Financial	<p>Cashflow</p> <p>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 has very little committed expenditure and as such the Board are able to manage its payments to ensure adequate liquid resources are available.</p>
Operational	<p>Market Conditions</p> <p>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.</p>
Compliance	<p>Compliance with legal requirements</p> <p>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.</p>

Forward looking statements

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

Employment without discrimination

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

Board composition and operation

The Board comprises one Non-Executive Director, 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 and its advisors have 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 served as chair of the committee. Since the acquisition of Shortwave Pharma Inc., and following the resignation of Joseph Colliver, the executive committee has been comprised of three executive members William Potts, Stephen Murphy and Rivki Stern Youdkevich, and one non-executive member, Roy Kait, until the resignations of William Potts on 5 April 2024 and Roy Kait on 30 October 2024.

Audit Committee

The committee comprises Rivki Stern Youdkevich and Stephen Murphy, with Rivki Stern Youdkevich 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 Rivki Stern Youdkevich and Stephen Murphy, with Stephen Murphy 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

The Directors at the date of this report are:

Stephen Murphy (Executive Director) (Aged 38)

Stephen Murphy is the co-founder of Psych Capital Plc, now Shortwave Life Sciences 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.

Rivki Stern Youdkevich (Chief Executive Officer) (Aged 55)

Rivki Stern Youdkevich is a biotech entrepreneur, co-founder at Shortwave Pharma Inc. A financial, international management and business development expert, Rivki Stern Youdkevich led go-public and up-list campaigns (NASDAQ:IMCC, CSE:IMCC) and raised over USD 30m for life sciences and biotech companies in the fields of diagnostics, microbiome and aesthetics. Consultant on life sciences projects to the Israeli government, accelerator programs and international organizations. Member of board at University of Haifa, Migdlaor Investment fund.

Attendance at Meetings

The Company held twelve monthly board meetings in the year to 30 April 2024, as well as weekly discussions 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 frequently requests the services of experts in the field of psychedelic medicines and drug policy reform.

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 strategy, the Board will further engage with Investor Relation activity.

Internal Stakeholders

Other than the Board of Directors and the Company's CFO, 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.

Corporate Social Responsibility

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

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

The Strategic Report was approved by the Board of Directors on 31 October 2024 and was signed on its behalf by:



Stephen Murphy
Director

DIRECTORS' REPORT

The Directors present their report together with the audited financial statement for the year ended 30 April 2024.

Principal Activity

The principal activity of the Company is identifying, operating and developing early-stage, breakthrough initiatives which revolutionize treatment strategies in mental health care. Its first program addresses eating disorders; 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 9.

Corporate Governance

The Corporate Governance Report is included in the Strategic Report on pages 5 to 9.

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 4 and details are set out in the financial statements on pages 23 to 47.

In line with its strategy of identifying, operating and developing early-stage drug development initiatives, 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 2.2 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 in the current challenging macro-economic climate, the directors are hopeful 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 2024 the following shareholders held an interest of 3% or more of the ordinary share capital of the Company:

Prohibition Holdings Ltd	24.88%
Christopher Potts*	18.05%
Oscillate Plc	6.63%
Peterhouse Capital Limited	5.53%

* Christopher Potts is the father of William Potts, co-founder and former director of the Company

Directors

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

William Potts- Resigned 5 April 2024

Joseph Colliver – Resigned 7 November 2023

Stephen Murphy

Roy Kait – Appointed 7 November 2023; resigned 30 October 2024

Rivki Stern Youdkevich – Appointed 7 November 2023

SHORTWAVE LIFE SCIENCES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2024

Directors' emoluments, included in staff costs:

	Total emoluments 2024 £	Total emoluments 2023 £
J Colliver	58,501	70,687
W Potts	56,788	98,658
S Murphy	57,488	101,858
R Kait	42,970	Nil
R Stern Youdkevich	94,667	Nil
TOTAL	310,414	271,203

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.

Until his resignation, 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. Upon his resignation Stephen Murphy, in his capacity as Executive Director, assumed this responsibility.

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 together with Roy Kait and Rivki Stern Youdkevich, they are all 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 two Executive Directors, Rivki Stern Youdkevich 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

As the Company persists in its mission of pioneering breakthrough therapies that transform the landscape of mental health care, its strategy going forward is twofold:

- **Drug Development:** spearheaded by Shortwave, progress the Company's clinical program into human trials of its anorexia nervosa candidate psilocybin-based drug combination and buccal film delivery platform. With phase 1 completion and IP milestones achieved, attract endorsement of strategic partners for continued development and potential liquidity events.
- **IP portfolio Expansion:** continue to identify, operate and develop early-stage, breakthrough initiatives which revolutionize treatment strategies in mental health care, to generate significant growth in value 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 be made available on the Company's website.

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

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

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

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

The Board believes that the above methods of communication will be sufficient in order to ensure shareholder 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.

SHORTWAVE LIFE SCIENCES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2024

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 (resigned 7 November 2023) to be an independent Non-Executive member of the Board. This position is yet to be refilled.

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 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 an anniversary of completion of Shortwave 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.

SHORTWAVE LIFE SCIENCES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2024

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	10,720,000
Stephen Murphy directly	1,568,000
Stephen Murphy through Santony Limited	5,872,000
Roy Kait	7,308,830
Rivki Stern Youdkevich	9,394,231

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



Stephen Murphy
Director

31 October 2024

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 jurisdictions.

SHORTWAVE LIFE SCIENCES PLC

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 APRIL 2024

Independent Auditor's Report to the Members of Shortwave Life Sciences Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 April 2024 and of the loss of the Group 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 Shortwave Life Sciences Plc (the "Company") for the year ended 30 April 2024 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of changes in equity, the consolidated and company statement of financial position, the consolidated 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter on investments and intangible assets

We draw attention to the value of intangible assets in the Consolidated Statement of Financial Position and the value of investment in the subsidiary in the Company Statement of Financial Position. The value of intangible assets arises on consolidation and represents the excess between the net asset value of the underlying subsidiary on acquisition and the cost of investment. The value of investment in the subsidiary represents the historic cost of acquisition of investments.

Management's assessment of impairment includes a review of the net present value of future potential cashflows of the underlying assets. The basis of these valuations include a number of variables within the calculations that are subjective and based on professional judgments of the directors. This also includes the expected potential around the success of the future drug development programme and commercialisation of the Group's products.

While we have assessed management's judgements and application of estimates in their calculations and consider these to be reasonable, as set out in the key audit risks below, the projections relate to uncertain future events and outcomes which if unsuccessful could result in a material change to the valuations which could result in an impairment of the investments and intangible assets.

Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the Group's ability to continue as a going concern is dependent on future fundraisings within the next twelve months from the approval of the financial statements.

As stated in note 2.2, this event or condition, indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's assessment of the going concern basis drawn up to 31 December 2025, including their evaluation of future funding requirements and funding availability, while challenging their key assumptions and inputs to ensure reasonableness and appropriateness;
- Assessing the Group'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 Group'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 £66,000 based on 7% of loss before tax per pre-year end management accounts. Materiality was subsequently reviewed based on final results with no amendments being required.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Our level of performance materiality was £49,000.

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

Component materiality

For the purposes of our Group audit opinion, we set materiality for the significant component of the Group, based on a percentage of 44% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was £29,000. In the audit of the component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

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.

The Group consists of two companies, Shortwave Life Sciences Plc based in the UK and Shortwave Pharma, Inc. based in Canada. All audit work was carried out by the group audit team.

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
<p>Business combination</p>	<p>The Company acquired Shortwave Pharma, Inc. on 7 November 2023. The acquisition of this business has been accounted for as a business combination.</p> <p>Accounting for business combinations consists of significant judgement in determining the fair value of the underlying assets and liabilities of that company, including intangible assets, such as intellectual property. Judgement is also exercised in determining the appropriate period over which to amortise the intangible asset in relation to the intellectual property.</p> <p>We also consider that there is a risk that the disclosures in the financial statements in respect of the business combination may not be presented in accordance with the requirements of the accounting standards.</p>	<p>Our audit procedures included challenging the Directors' assessment of the fair value of the assets acquired and liabilities assumed.</p> <p>We evaluated the capabilities, competence and objectivity of the Directors involved in assessing the fair value of intangible assets, as well as evaluating and concluding on the appropriateness of their conclusions by comparing them to our knowledge of the industry and market information.</p> <p>We validated the acquisition accounting including the identification of amounts related to intellectual property while we have tested the valuation of the consideration paid by agreement to supporting documents.</p> <p>We have considered the period over which the intangibles are to be amortised and benchmarked these against similar assets.</p> <p>In addition, we considered the adequacy of the Group's disclosures in respect of the business combinations and its compliance with the requirements of the standards.</p> <p>Based on the procedures we performed, no issues arose from our work that suggested the business combination has not been correctly accounted for.</p>
<p>Impairment review of intangible assets</p>	<p>The Directors perform annual impairment reviews of intangible assets for all cash generating units (CGUs).</p> <p>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.</p> <p>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.</p> <p>Key assumptions include revenue, gross margin, cash flow forecast assumptions and valuation multiples.</p> <p>The impairment test is also based on key assumptions in respect of the appropriate discount rates and longer-term growth rates.</p> <p>As a result of the review, management did not identify any impairment.</p>	<p>We assessed management's allocation of assets for each CGU based on our knowledge of the Group and its operations.</p> <p>We reviewed management's assumptions and assessed the achievability of the forecasts included in the impairment model.</p> <p>We considered whether the revenue, and where relevant associated costs, used in the value in use calculations was reasonable.</p> <p>Based on the procedures we performed, no issues arose from our work that suggested intangible assets are materially misstated.</p>

Fair value of investments	Investments were considered to be a key audit matter due to the size of the balance in the Company's accounts.	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. 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. 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.

SHORTWAVE LIFE SCIENCES plc

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 APRIL 2024

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Taylor FCA (Senior Statutory Auditor)

For and on behalf of Adler Shine LLP, Statutory Auditor

Aston House

Cornwall Avenue

London

N3 1LF

31 October 2024

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

SHORTWAVE LIFE SCIENCES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2024

	Note	£	£
Revenue	3	56,694	188,882
Cost of sales		(52,140)	(55,944)
Gross profit		4,554	132,938
Administrative expenses	4, 5	(644,756)	(678,957)
Exceptional operating items	4	-	(83,459)
Share based payments		(206,136)	(334,277)
Operating loss		(846,338)	(963,755)
Fair value loss on fixed asset investments	9	(46,698)	(247,037)
Impairment loss on intangible assets	13	(189,875)	(49,507)
Loss on ordinary activities before taxation		(1,082,911)	(1,260,299)
Tax credit	7	12,203	-
Total comprehensive loss for the financial year		(1,070,708)	(1,260,299)
Basic loss per share attributable to owners of the company	8	(0.0033)	(0.0045)

The notes on pages 29 to 47 form part of these financial statements.

SHORTWAVE LIFE SCIENCES PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 APRIL 2024

Company number: 13351629

	Note	2024 £	2023 £
Non-current assets			
Intangible assets	13	2,913,942	262,993
Investments	9	44,807	91,504
Total non-current assets		2,958,749	354,497
Current assets			
Cash and cash equivalents	10	72,300	479,491
Trade and other receivables	11	16,626	64,267
Total current assets		88,926	543,758
Current liabilities			
Trade and other payables	12	(77,453)	(92,810)
Total liabilities		(77,453)	(92,810)
Net current assets		11,473	450,948
Total assets less current liabilities		2,970,222	805,445
Provisions for liabilities			
Deferred tax	16	(343,330)	-
Net assets		2,626,892	805,445
Issued capital and reserves attributable to owners of the parent			
Issued share capital	14	378,290	290,033
Share premium		4,278,594	1,680,832
Share based payments reserve		844,948	638,812
Retained earnings		(2,874,940)	(1,804,232)
Total equity		2,626,892	805,445

These financial statements were approved and authorised by the Board on 31 October 2024 and signed on its behalf by:

Stephen Murphy

Stephen Murphy
Director

The notes on pages 29 to 47 form part of these financial statements.

SHORTWAVE LIFE SCIENCES PLC

COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 APRIL 2024

Company number: 13351629

	Note	2024 £	2023 £
Non-current assets			
Intangible assets	13	10,000	262,993
Investments	9	2,811,950	91,504
Total non-current assets		2,821,950	354,497
Current assets			
Cash and cash equivalents	10	22,093	479,491
Trade and other receivables	11	28,247	64,267
Total current assets		50,340	543,758
Current liabilities			
Trade and other payables	12	(69,605)	(92,810)
Total liabilities		(69,605)	(92,810)
Net current liabilities		(19,265)	(450,948)
Net assets		2,802,685	805,445
Issued capital and reserves attributable to owners of the parent			
Issued share capital	14	378,290	290,033
Share premium		4,278,594	1,680,832
Share based payments reserve		844,949	638,812
Retained earnings		(2,699,148)	(1,804,232)
Total equity		2,802,685	805,445

These financial statements were approved and authorised by the Board on 31 October 2024 and signed on its behalf by:

Stephen Murphy

Stephen Murphy
Director

The notes on pages 29 to 47 form part of these financial statements.

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SHORTWAVE LIFE SCIENCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2024

	Share capital	Share premium	Share based payments reserve	Retained earnings	Total equity
	£	£	£	£	£
Transactions with equity owners					
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
Loss for the year	-	-	-	(1,260,299)	(1,260,299)
As at 30 April 2023	290,033	1,680,832	638,812	(1,804,232)	805,445
Transactions with equity owners					
Share-based payments	572	11,048	-	-	11,620
Ordinary and deferred shares issued	87,685	2,586,714	-	-	2,674,399
Share based payment charge	-	-	206,136	-	206,136
Loss for the year	-	-	-	(1,070,708)	(1,070,708)
As at 30 April 2024	378,290	4,278,594	844,948	(2,874,940)	2,626,892

The notes on pages 29 to 47 form part of these financial statements.

SHORTWAVE LIFE SCIENCES PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2024

Company number: 13351629

	Share capital	Share premium	Share based payments reserve	Retained earnings	Total equity
	£	£	£	£	£
Transactions with equity owners					
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
Loss for the year	-	-	-	(1,260,299)	(1,260,299)
As at 30 April 2023	290,033	1,680,832	638,812	(1,804,232)	805,445
Transactions with equity owners					
Share-based payments	572	11,048	-	-	11,620
Ordinary and deferred shares issued	87,685	2,586,714	-	-	2,674,399
Share based payment charge	-	-	206,137	-	206,137
Loss for the year	-	-	-	(894,916)	(894,916)
As at 30 April 2024	378,290	4,278,594	844,949	(2,699,148)	2,802,685

The notes on pages 29 to 47 form part of these financial statements.

SHORTWAVE LIFE SCIENCES PLC

CONSOLIDATED AND PARENT COMPANY STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 APRIL 2024

	Note	Group 2024 £	Parent Company 2024 £	Group and Parent Company 2023 £
Cash flows from operating activities				
Loss before tax		(1,070,708)	(894,916)	(1,260,299)
<i>Adjusted for:</i>				
Fair value loss on investments	9	46,698	46,698	247,037
Amortisation of intangible assets	13	109,168	63,118	75,000
Impairment of intangible assets	13	189,875	189,875	49,507
Share-based charges – share options and warrants		217,756	217,756	334,277
Decrease in trade and other receivables	11	47,641	36,020	86,302
Decrease in trade and other payables	12	(20,281)	(23,205)	(155,367)
Tax credit		(12,203)		
Net cash used in operating activities		(492,054)	(364,654)	(623,543)
Cash flows from investing activities				
Consideration paid for acquisition of subsidiaries		(92,744)	(92,744)	-
Cash arising on acquisition	9	177,607	-	-
Net cash generated from/(used in) investing activities		84,863	(92,744)	-
Cash flows from financing activities				
Proceeds from the issue of shares	14	-	-	780,400
Shares based payment charges				
Net cash generated from financing activities				780,400
Net decrease in cash and cash equivalents		(407,191)	(457,398)	156,857
Cash and cash equivalents at beginning of year		479,491	479,491	322,634
Cash and cash equivalents at end of year		72,300	22,093	479,491

The notes on pages 29 to 47 form part of these financial statements.

SHORTWAVE LIFE SCIENCES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2024

1 General information

Shortwave Life Sciences Plc was incorporated on 22 April 2021 as Psych Capital Ltd. The Company was incorporated in England and Wales, and registered number is 13351629 under the Companies Act 2006.

The principal activity of the business is to identify, fund and develop treatments for unmet mental health needs, by seeking and implementing innovative therapies such as psychedelics-based medicine.

The registered address of the Company is 124 City Road, London, England, EC1V 2NX.

2 Accounting policies

2.1 Basis of preparation

The Group'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 2006. 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 Group's functional and presentational currency and has been prepared under the historical cost convention.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiaries ("the Group"). Subsidiaries include all entities over which the Group has the power to govern financial and operating policies. Subsidiaries are consolidated from the date on which control commences until the date that control ceases. Intra-group balances and any unrealised gains and losses on income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. On 7 November 2023, The Company completed the acquisition of 100% of the issued share capital of Shortwave Pharma Inc. in exchange for shares in the Company, alongside a cash payment of USD 120,000. As a result of this transaction, the former shareholders of Shortwave Pharma became shareholders in the Company. This acquisition was accounted for using the accounting method for business combination.

New and amended standards

The following IFRS or IFRIC interpretations were effective for the first time for the financial year beginning 1 May 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standards/ interpretations	Application
IFRS 17	<i>Insurance Contracts</i> Accounting model for insurance contracts that is more useful and consistent for insurers
IAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i> New definition of "accounting estimates" and clarification of distinction between changes in accounting estimates and changes in accounting policies and the correction of errors
IAS 1	<i>Presentation of Financial Statements</i> Amendments regarding the disclosure of accounting policies
IAS 12	<i>Income Taxes</i> Amendments regarding deferred tax on leases and decommissioning obligations Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes

New standards, amendments and interpretations not yet adopted by the Group and Company

Standards/ interpretations	Application	Effective date
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	01/01/2024
IFRS S2	Climate-related Disclosures	01/01/2024
IFRS 7	Financial Instruments: Disclosure Amendments regarding supplier finance arrangements	01/01/2024
	Amendments regarding the classification and measurement of financial instrument	01/01/2026
	Amendments resulting from Annual Improvements to IFRS Accounting Standards — Volume 11	01/01/2026
IFRS 9	Financial Instruments Amendments regarding the classification and measurement of financial instruments	01/01/2026
	Amendments resulting from Annual Improvements to IFRS Accounting Standards — Volume 11	01/01/2026
IFRS 16	Leases Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.	01/01/2024
IFRS 18	Presentation and Disclosures in Financial Statements Original Issue	01/01/2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures Original Issue	01/01/2027
IAS 1	Presentation of Financial Statements Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	01/01/2024
IAS 7	Statement of Cash Flows Amendments to specify the disclosure requirements regarding supplier finance arrangements	01/01/2024

There are no IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Going concern

The Group has reported a loss for the year of £1,070,708 (2023: £1,260,299). As at 30 April 2024, cash and cash equivalents amounted to £72,300 (2023: £479,491) while net assets amounted to £2,626,892 (2023: £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 Group's ability to continue as a going concern.

The Directors are hopeful that the Group will be able to secure sufficient cash inflows for the Group 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.

2.3 Foreign currencies

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company and its subsidiaries operate (the functional currency) which is UK sterling (£). The Financial Statements are accordingly presented in UK sterling. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.4 Research and development

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

The Group does not currently have any such internal development costs that qualify for capitalisation as intangible assets. Development costs are capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

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

Expenses for research and development include associated wages and salaries, material costs, depreciation on non-current assets and directly attributable overheads. All research and development costs, whether funded by third parties under licence and development agreements or not, are included within operating expenses and classified as such.

2.5 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.

2.6 Intangible fixed assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably, the asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights. 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.
Intellectual Property – 20 years

SHORTWAVE LIFE SCIENCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2024

2.6 Intangible fixed assets (continued)

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.

2.7 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.

2.8 Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group 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 Group 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".

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.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

SHORTWAVE LIFE SCIENCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2024

2.10 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.

2.11 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.

2.12 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.

2.13 Reserves

Retained earnings reserve includes retained losses since the Group'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.

2.14 Dividends

Dividends are recognised when they become legally payable. No dividend has been declared or paid by the Group during the year ended 30 April 2024 (2023: £nil).

2.15 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.

2.16 Financial risk management

The Group'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 Group'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 2024, 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 £44,807 at 30 April 2024, 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 £5,000. 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.

2.17 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.

2.18 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.

2.19 Critical accounting estimates and judgements

The Group 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 Group holds listed investments that have been designated at fair value through profit or loss on initial recognition. The Group determines the fair value of these financial instruments by reference to quoted market prices. Due to the illiquid nature of certain markets, the Group 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 Group 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. During the year, the Directors impaired the Psych platform to its fair value less costs to sell as it is the intention to dispose of the platform. There is no certainty this is the amount that will be realised.

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.

SHORTWAVE LIFE SCIENCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2024

3 Revenue

	2024	2023
	£	£
Revenue arises from the following streams:		
Revenues from sponsorship of the PSYCH Report and Symposia, and attendance ticket sales	56,694	188,882
	56,694	188,882

4 Expenses by nature

	2024	2023
	£	£
Consultancy fees	17,448	134,786
Advertising and marketing	60,011	97,056
Audit and accountancy	38,949	44,416
Legal and professional fees	37,691	35,015
Legal and Corporate Finance Advisor fees for AQSE application, treated as an exceptional item	-	83,459
Amortisation of intangible assets	109,168	75,000
Impairment of intangible assets	189,875	49,507

5 Auditor's remuneration

Fees payable to the Company's auditor and in respect of:	2024	2023
	£	£
Audit of financial statements	24,000	16,000

6 Staff Costs

	2024	2023
	£	£
Wages and Salaries	167,082	191,092
Social Security costs	11,630	11,610
Pension costs	525	-
Share based payments	206,136	137,253
	362,113	339,955

The average number of employees for the Company in the year was 4 (2023: 4), being the three directors and the CFO.

SHORTWAVE LIFE SCIENCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2024

6 Staff Costs (continued)

Directors' emoluments, included in staff costs:

	Salary/Fees/ Benefits	Share-based payment	Total Emoluments 2024
	£	£	£
J Colliver (resigned 7 November 2023)	16,305	42,196	58,501
W Potts (resigned 5 April 2024)	24,000	32,788	56,788
S Murphy	24,700	32,788	57,488
R Kait (resigned 30 October 2024)	10,182	32,788	42,970
R Stern Youdkevich	29,091	65,576	94,667
TOTAL	104,278	206,136	310,414

	Salary/Fees/ Benefits	Share-based payment	Total Emoluments 2023
	£	£	£
J Colliver	48,550	22,137	70,687
W Potts	41,100	57,558	98,658
S Murphy	44,300	57,558	101,858
TOTAL	133,950	137,253	271,203

7 Income tax expense

	2024	2023
	£	£
Current tax	-	-
Deferred tax	12,203	-
Income tax credit	12,203	-

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:

	2024	2023
	£	£
Loss before tax	(1,070,708)	(1,260,299)
Tax calculated at the rate applicable to loss (2024: 25%, 2023: 19%)	(267,677)	(239,457)
Effects of:		
Non-tax deductible share based payment and losses	51,534	119,856
Non-taxable income from fair value gain on fixed asset investments	-	-
Non-tax deductible expense from loss on value of fixed investments	11,674	-
Tax losses for which no deferred tax asset was recognised	192,266	119,601
Tax credit	12,203	-

Factors affecting future tax charges

From 1 April 2023 the corporation tax rate increased from 19% 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.

SHORTWAVE LIFE SCIENCES PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 APRIL 2024****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.

	2024	2023
	£	£
Loss attributable to equity holders of the Company	1,070,708	1,260,299
Weighted average number of ordinary shares in issue	324,350,988	278,632,513
Loss per share (£)	0.0033	0.0045

9 Investments**Level 1 Investments (Group and Parent Company)**

	2024	2023
	£	£
Brought forward	91,505	338,541
Fair value losses	(46,698)	(247,037)
At 30 April 2024	44,807	91,504

Investments in subsidiary (Parent Company only)

	2024	2023
	£	£
Brought forward	-	-
Additions	2,767,143	-
At 30 April 2024	2,767,143	-

SHORTWAVE LIFE SCIENCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2024

10 Cash and cash equivalents

Group	2024 £	2023 £
Cash	72,300	479,491
Total	72,300	479,491

Parent company	2024 £	2023 £
Cash	22,093	479,491
Total	22,093	479,491

11 Trade and other receivables

Group	2024 £	2023 £
Trade receivables	5,000	6,515
Other receivables	3,368	16,895
Prepayments	8,258	40,857
Total	16,626	64,267

Parent company	2024 £	2023 £
Trade receivables	5,000	6,515
Other receivables	3,368	16,895
Prepayments	8,257	40,857
Amounts owed by group undertakings	11,622	-
Total	28,247	64,267

The Directors consider that the carrying values of trade and other receivables measured at book value and amortised cost approximates to their fair value. There are no provisions for doubtful debts.

SHORTWAVE LIFE SCIENCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2024

12 Trade and other payables

Group	2024	2023
	£	£
Trade payables	29,643	16,376
Other payables	2,461	-
Deferred revenue & accruals	45,349	76,434
Total	77,453	92,810
Parent company		
Trade payables	29,644	16,376
Other payables	2,461	-
Deferred revenue & accruals	37,500	76,434
Total	69,605	92,810

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 assets

Group

Cost	Software	Intellectual	Goodwill	Total
	£	Property	£	£
		£		
At 30 April 2023	450,000	-	-	450,000
Arising on acquisition	-	1,843,239	1,106,753	2,949,992
At 30 April 2024	450,000	1,843,239	1,106,753	3,399,992
Amortisation				
At 30 April 2023	(187,007)	-	-	(187,007)
Amortisation	(63,118)	(46,050)	-	(109,168)
Impairment charges	(189,875)	-	-	(189,875)
At 30 April 2024	(440,000)	(46,050)	-	(486,050)
Net book value				
At 30 April 2023	262,993	-	-	262,993
At 30 April 2024	10,000	1,797,189	1,106,753	2,913,942

SHORTWAVE LIFE SCIENCES PLC
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13 Intangible assets (continued)

Parent company

Cost	Software £	Total £
At 30 April 2023	450,000	450,000
Arising on acquisition	-	-
At 30 April 2024	450,000	450,000
Amortisation		
At 30 April 2023	(187,007)	(187,007)
Amortisation	(63,118)	(63,118)
Impairment charges	(189,875)	(189,875)
At 30 April 2024	(440,000)	(440,000)
Net book value		
At 30 April 2023	262,993	262,993
At 30 April 2024	10,000	10,000

The software intangible asset was acquired on 1 July 2021 and relates to the Psych platform, including trademarks, CRM database, designs and digital properties including domains.

The intellectual property intangible asset of £1,843,239 relates to the value expected to be generated from the patents in Shortwave Pharma Inc.'s portfolio which is comprised of provisional patent applications and one PCT application at the time of acquisition. The patents are in various stage of granting for a novel drug combination and a drug administration product that are designed to treat patients suffering from anorexia nervosa. In June 2024, a positive PCT examiner's opinion acknowledged all of the claims of one of the patents as novel, non-obvious and industrially applicable, strengthening the probability of its granting.

The Company expects future revenues to be generated from the patents through licensing and royalty payments. As patents provide a market exclusivity advantage, this value is expected to be secured for 20 years from the final grant of the patent. The Company employed several conservative assumptions in the calculation of the future cash flow streams from its patent applications in the treatment of patients suffering from anorexia nervosa.

These assumptions include among others, an 8% probability of successful development of a new drug, a discount rate based on a WACC of 17%, marketing related assumptions such as market penetration of 10% by the tenth year, costs and pricing of treatments as well as remaining period for the development of the drug until FDA approval.

Goodwill of £751,220 arose on the acquisition of Shortwave Pharma inc., details of which are set out in note 16.

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. It will conduct a review of the intangibles on an annual basis.

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. In conducting the impairment review of the PSYCH platform, the directors value the asset at the realization value expected for the potential sale of the asset to an identified interested buyer. Based on an updated asset value of £10,000, the impairment/write off for the asset value is set at £189,875.

SHORTWAVE LIFE SCIENCES PLC

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FOR THE YEAR ENDED 30 APRIL 2024

14 Share capital

	Number of ordinary shares	Number of deferred shares	Share capital £	Share premium £
At 30 April 2022	183,333,335	-	183,333	836,667
Ordinary shares issued at £0.005 (of £0.001 each)	16,200,000	-	16,200	793,000
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
Ordinary shares issued at £0.05 (of £0.001 each) as share-based payment to CPDRG for consultancy services	500,000	-	500	24,500
Share-based payments, options and warrants	-	-	-	(304,535)
Transaction costs	-	-	-	(28,800)
At 30 April 2023	290,033,335	-	290,033	1,680,832
Ordinary shares issued at £0.0305 (of £0.001 each) as Initial Consideration shares	71,170,132	-	71,170	2,099,519
Ordinary shares issued at £0.0203 (of £0.001 each) as share-based payment to certain legal advisers	572,197	-	572	11,048
Ordinary shares issued at £0.0305 (of £0.001 each) as Deferred Consideration shares	-	9,015,100	9,015	265,945
Ordinary shares issued at £0.0305 (of £0.001 each) as Deferred Guarantee shares	-	7,499,998	7,500	221,250
At 30 April 2024	361,775,664	16,515,098	378,290	4,278,594

On 19 June 2023, the Company announced the agreement to acquire 100% of the issued share capital of Shortwave Pharma Inc., 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 £2.8m through a combination of cash and new ordinary shares. 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.

On 7 November 2023, The Company announced the completion of its acquisition of life science company Shortwave Pharma Inc., and the Initial Consideration Shares were issued to former Shortwave Pharma Shareholders.

On 8 July 2024, the Company announced that its PCT application no. PCT/IL2023/050442 entitled: "A Mucoadhesive Film Comprising a Pharmaceutically Active Agent And Uses Thereof" has received a positive report from the PCT examining authority acknowledging all of its claims as novel, non-obvious and industrially applicable. This report signified meeting of the condition stated in the deal terms and the Deferred Consideration shares were issued on 12 July 2024.

The remaining Deferred Guarantee Shares are set to be allocated following the first anniversary of the deal's completion on 7 November 2024, should no events affecting the guarantor warranties become apparent by then.

SHORTWAVE LIFE SCIENCES PLC
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14 Share capital (continued)

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.

On 19 November 2023 the Company granted 10,000,000 share options to its directors:

<i>Rivki Stern Youdkevich</i>	4,000,000
<i>Roy Kait</i>	2,000,000
<i>Stephen Murphy</i>	2,000,000
<i>William Potts</i>	2,000,000
	<u>10,000,000</u>

All 10,000,000 share options are exercisable at £0.0295, being the mid-market price of the share on the day before the RNS announcement on 1 February 2024. They expire in January 2026.

The share options vest in 4 tranches:

19 November 2023	2,500,000
20 May 2024	2,500,000
19 November 2024	2,500,000
19 May 2025	2,500,000
	<u>10,000,000</u>

In addition, on 4 April 2024 the Company granted a further 1,694,915 share options to former chairman Joseph Colliver which lapse after 2 years.

All 1,694,915 share options are exercisable at £0.0295, being the mid-market price of the share on the day of issue. The share options are fully vested.

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 was derived using a Black Scholes model. The following key assumptions were used in the calculations:

Grant Date	19 November 2023	04 April 2024	23 May 2022
Exercise price	2.95 p	2.95 p	5p-8p
Share Price on date of grant	2.95 p	2.95 p	4.5p
Risk free rate	4.223%	4.223%	2.19%
Volatility	197%	197%	55%
Expected life – share options	2 years	2 years	2 years

Volatility was determined by reference to the standard deviation of daily share prices in the year to 17 November 2023.

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

The risk-free rate used was the yield on 2-year UK Gilts on 1 February 2024.

SHORTWAVE LIFE SCIENCES PLC
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FOR THE YEAR ENDED 30 APRIL 2024

14 Share capital (continued)

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

	Options		Warrants	
	Weighted average exercise price (pence)	Number of options	Weighted average exercise price (pence)	Number of warrants
	2024	2024	2023	2023
Outstanding at the beginning of the year	7.00	31,835,832	5.00	14,501,667
Granted during the year	2.95	11,694,915	-	-
Outstanding at the end of the year	5.91	<u>43,530,747</u>	5.00	<u>14,501,667</u>
Exercisable at the end of the year		33,530,747		14,501,667

The weighted average remaining contractual life for the share options outstanding as at 30 April 2024 is 2 years.

The weighted average fair value of options granted during the year is £0.0249.

The range of exercise prices for options outstanding at the end of the year is £0.0295 to £0.07.

15 Financial instruments

Categories of financial assets and liabilities

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

Financial assets	Note	Loans and receivables	Loans and receivables
		2024 £	2023 £
Trade and other receivables	11	16,626	64,267
Cash and cash equivalents	10	<u>72,300</u>	<u>479,491</u>
		<u>88,926</u>	<u>543,758</u>

At 30 April 2024	Note	Fair value through profit or loss	Total
		£	£
Investments	9	<u>44,807</u>	<u>44,807</u>
Total financial assets		<u>44,807</u>	<u>44,807</u>

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15 Financial instruments (continued)

Financial liabilities	Note	2024 £	Financial liabilities measured at amortised cost 2023 £
Trade and other payables	12	<u>(77,454)</u>	<u>(92,810)</u>
		<u>(77,454)</u>	<u>(92,810)</u>

Parent Company

Financial assets	Note	Loans and receivables 2024 £	Loans and receivables 2023 £
Trade and other receivables	11	28,246	64,267
Cash and cash equivalents	10	<u>22,093</u>	<u>479,491</u>
		<u>50,339</u>	<u>543,758</u>

	Note	Designated upon initial recognition		Total £
		At cost less impairment £	Fair value through profit or loss £	
At 30 April 2024				
Investments	9	2,767,143	44,807	2,811,950
Total financial assets		<u>2,767,143</u>	<u>44,807</u>	<u>2,811,950</u>

Financial liabilities	Note	2024 £	Financial liabilities measured at amortised cost 2023 £
Trade and other payables	12	<u>(69,605)</u>	<u>(92,810)</u>
		<u>(69,605)</u>	<u>(92,810)</u>

SHORTWAVE LIFE SCIENCES PLC

NOTES TO THE FINANCIAL STATEMENTS

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16 Business combinations

On 19 June 2023, the Company acquired 100% of the issued share capital of Shortwave Pharma Inc. ("Shortwave Pharma"), a biopharmaceutical drug-development company. The deal reached completion, upon meeting of several conditions, on 7 November 2023.

The Company paid £2,767,143 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 £0.0305 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.

Recognised amounts of identifiable assets acquired and liabilities assumed

	<i>Book value</i>	<i>Fair value</i>	<i>Fair value</i>
	£	adjustments	£
		£	
Intangible assets (intellectual property)	-	1,843,239	1,843,239
Cash	177,607	-	177,607
Accruals	(4,923)	-	(4,923)
Deferred tax		(355,533)	(355,533)
Total fair value of net assets acquired			1,660,390
<i>Consideration settled by</i>			
Issue of ordinary shares			2,170,689
Deferred shares to be issued subject contingent events			503,710
Cash			92,744
Total consideration			2,767,143
Goodwill arising on acquisition			1,106,753

Since acquisition, Shortwave Pharma has recorded a loss of £141,945 at entity level.

A net deferred tax liability has been recognised as arising on the fair value of intangible assets acquired, less accumulated trading losses in the acquired entity, of £355,533. During the year ended 30 April 2024 this liability was reduced by £12,203 as a result of amortisation of the intangible asset of £46,050.

SHORTWAVE LIFE SCIENCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2024

17 Controlling party

There is no controlling party as at 30 April 2024.

18 Related party transactions

During the year ended 30 April 2024, the Company was invoiced £46,000 for marketing and creative solutions by PP Intelligence Limited, a company of which S Murphy is the sole director.

At the year end, £11,620 (2023: £Nil) was owed to its subsidiary, Shortwave Pharma Inc., to settle its legal fees relating to its acquisition.

19 Events after the reporting date

On 8 July 2024, the Company announced that its PCT application no. PCT/IL2023/050442 entitled: "A Mucoadhesive Film Comprising a Pharmaceutically Active Agent and Uses Thereof" has received a positive report from the PCT examining authority acknowledging all of its claims as novel, non-obvious and industrially applicable. This major milestone confirming its mucoadhesive buccal film as free of prior art enables the continued development of the Company's first drug product as well as opens it up for additional commercialization opportunities in licensing the film to potential pharma partners.

As part of the Share Purchase Agreement ("SPA") signed between the Company and Shortwave Pharma Inc. in June 2023, 9,015,100 Deferred Consideration Shares were subject to 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. This conditionality has been met within the longstop date, and accordingly, the Deferred Consideration Shares were issued, pursuant to the SPA, on 12 July 2024.