



CLARIFY

CLARIFY PHARMA PLC ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
COMPANY INFORMATION

Directors	Mr Jonathan Franklin Bixby – Executive Chairman Mr Nicholas James Lyth – Finance Director Mr Patrick McBride - Independent Non-Executive Director Mr Jonathan William Hives – Independent Non-Executive Director Mr Michael Scott Edwards – Non-Executive Director
Company Secretary	Nicholas James Lyth
Company number	12294271
Registered office	9 th Floor 16 Great Queen Street, London, England WC2B 5DG
Principal place of business / operations	9 th Floor 16 Great Queen Street, London, England WC2B 5DG
Independent Auditors	Kreston Reeves LLP 168 Shoreditch High Street, London E1 6RA
Broker	First Sentinel Corporate Finance Limited 70 Charlotte St, London W1T 4QQ
Corporate Advisor	First Sentinel Corporate Finance Limited 70 Charlotte St, London W1T 4QQ

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
COMPANY INFORMATION

Registrars

Computer Share Investor Services Plc
120 London Wall,
London, EC2Y 5ET

Legal Advisors

Fladgate LLP
16 Great Queen Street,
London, England
WC2B 5DG

Website

www.clarifypharma.com

	Page
Strategic report	5
Key personnel	7
Directors' report	9
Independent auditors' report	16
Statement of comprehensive income	21
Statement of financial position	22
Statement of changes in equity	23
Statement of cashflow	24
Notes to the financial statements	25

The directors present their strategic report for the year ended 30 November 2022.

PRINCIPAL ACTIVITY

The principal activity of the Company in the period was the investment into companies specialising in psychedelic medicines.

REVIEW OF BUSINESS

The results show a loss of £1.2m during the period with total Net Assets of £2.5m, of which £1.5m was in the form of Cash.

During the period the Company made a number of transactions, investing USD700,000 to acquire stakes in US-listed companies in the psychedelic medicine sector

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has exposure to the following risks and uncertainties:

Early-stage companies present an opportunity for potentially high returns but at the same time these companies are pre revenue and their business models may not prove to be as successful as hoped.

Financial risk

Financial risk arises through the Company's holdings in financial assets and financial liabilities. The key financial risk is that proceeds from financial assets are insufficient to fund obligations arising from distributions to its shareholders as they fall due. The most important components of financial risk are interest rate risk, foreign currency risk and liquidity risk.

Risk amounts are monitored to ensure these are maintained within permissible ranges based on the Company's economic capital model and are reported to the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is related to the underlying valuation of equity investments.

Management does not believe the Company is any more exposed to financial statement risk factors than others in the industry and has a system of internal controls and procedures that are designed to mitigate such risks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's policy and approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the reputation of the Company.

Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates. The Company is exposed to a material foreign currency risk as its investments are denominated in USD.

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
STRATEGIC REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

Financial risk management objectives and policies

- Credit risk,
- Interest rate risk,
- Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, its objectives, policy and procedures for measuring and managing risks. Quantitative information is included in other notes to the financial statements.

The management of the Company ensures the definition and control of the risk management policy. The objective of this policy is to identify and analyse the risks facing the Company, to define the limits within which the risks must fall, to manage the risks and to ensure compliance with the defined limits. The risk management policy and systems are regularly reviewed to take into account changes in market conditions and activities of the Company. The Company, through its management rules, aims to develop a rigorous and constructive environment in which employees have a good understanding of their roles and obligations.

Credit Risk

Credit risk represents the risk of financial loss for the Company in the event that a client or counterparty to a financial instrument breaches its contractual obligations.

The carrying amount of financial assets represents the maximum exposure to credit risk.

Trade receivables

Whilst there are zero trade receivables at present it is envisaged that this may change in the future depending on the nature of the Group's commercial relationships with its customers

Cash and cash equivalents

The Company is not exposed to interest rate risk as it has no debt

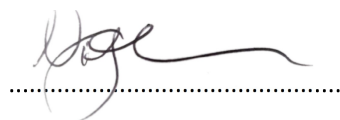
Liquidity risk

The Company makes sure it has sufficient funds to meet its liabilities by (i) preserving sufficient cash, (ii) maintaining high free cash flow and (iii) having a corporate treasury department tasked with pooling surplus cash and cash needs.

Inflation risk

The UK, along with most other countries, has experienced and is experiencing a period of sustained inflation, significantly above the norms for the past 15 years. This impacts the costs of operating the Company and these costs cannot always be passed on to customers. This potentially results in reduced margins, profitability and cashflow going forward

ON BEHALF OF THE BOARD:



N J Lyth - Director

Jonathan Bixby, aged 44 – Executive Chairman

Jonathan Bixby has significant experience in the health care, gaming and fintech sectors, and in particular was a founder and major investor in Argo Blockchain (ARB), Guild Esports (GILD) and Cellular Goods (CBX) – all listed on the London Stock Exchange. He is also the Executive Chairman of NFT Investments (NFT) admitted to trading AQUIS and he is on the board of Leaf Mobile (LEAF). Prior to this Jonathan was a founder, board member and investor in Koho Financial and Blue Mesa Health (Sold to Virgin Pulse). Previous to this, Jonathan was the CEO of Strangeloop Networks, a networking company which focused on providing hardware appliances in data centres to speed up web based properties. Strangeloop was sold to Radware (RDWR) in 2013. Jonathan was a founder and Chair of the Board of Ironpoint Technology which provided technology based content management services. Ironpoint was sold to Active Network (ACTV) in 2006.

Jonathan is a well known investor and advisor to numerous other health care, networking and software companies including Alavida, TSO Logic, Rubikloud, Neurio and Layerboom.

Nicholas James Lyth, aged 57 – Finance Director

Nicholas Lyth is a UK based, experienced board director and qualified accountant with over five years' experience advising a number of quoted companies including AIM listed companies Univision Engineering Ltd, Altona Energy plc and Taihua plc. Prior to his recent public company experience, Mr. Lyth was Group Finance and Purchasing Director of Belle Group, a manufacturer of engineering equipment operating across Europe, the US and Asia. He was also Head of Finance at Fothergill Group, a UK manufacturer of technical industrial fabrics, between 1996 and 2003. In his early career, Nick was a management accountant at Courtaulds plc and Rotunda plc.

Michael Edwards, aged 54 – Non-Executive Director

Mike Edwards has started and invested in technology companies for over 20 years. Mike invests in smart people with big ideas, and thrives on helping other entrepreneurs turn a napkin sketch into a prosperous business. He has invested in more than 40 technology start-ups including Punch'd, which was sold to Google, Summify, which was acquired by Twitter, Wander, which was acquired by Yahoo and PasswordBox, which was acquired by Intel. Mike has co-founded several companies including AreaConnect, which was sold to Marchex and Wylie Interactive, which was acquired by Zynga.

Mike is actively involved in growing and supporting the cryptocurrency start-up community and connecting local entrepreneurs with the right investors, mentors and influencers in Silicon Valley, New York, Europe and Asia. Mike co-founded Growlab, a seed stage accelerator focussing on consumer facing digital product, which later merged with Extreme Startups to create Canada's Highline accelerator, and co-founded and is a board member of Creative Labs, a venture capital backed start-up foundry that builds consumer technology companies by leveraging the Creative Artist Agency's access to talent and audience.

Mike was the co-founder and president of Argo Blockchain plc, a company established to provide cryptocurrency mining services and which was admitted to the Official List (by way of a Standard Listing) and to trading on the London Stock Exchange's Main Market for listed securities in August 2018 with a market capitalisation of £48m. Argo had a market capitalisation of £1bn in February 2021. Argo was the first cryptocurrency company to be admitted to the Main Market.

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271

KEY PERSONNEL

FOR THE PERIOD ENDED 30 NOVEMBER 2022

Mike was also the co-founder of: Guild Esports plc, the first esports business to be admitted to trading on the Main Market; and Cellular Goods plc, the first producer of biosynthetic cannabinoids to join the London Stock Exchange.

Jonathan Hives, aged 37 – Independent Non-Executive Director

Jonathan's passion for financial services dates back to his University days, where he studied B.A. (Hons) Finance and Investment Management. At the age of 23 he left the UK to begin his journey in International Financial Planning, and having lived and worked in three continents, he has first-hand experience when it comes to crossborder financial planning. Over the last 12 years he has built up invaluable experience by advising high net worth individuals and family estates, practising all areas of wealth and succession planning. Jonathan prides himself on the service he provides, which is highly personalised, proactive and bespoke to his client's objectives. He is an active member of the Chartered Insurance Institute, where he holds the Diploma in Financial Planning.

In addition, he holds Certificates in i) Discretionary Investment Management, ii) Financial Services and iii) Life and Pensions. He is also qualified as an Investment Adviser in the United States (Series 65) from his time working in New York.

Patrick McBride, aged 48 – Non-Executive Director

Patrick McBride was a co-founder of Eight Capital and is well known for building Canada's psychedelic public capital markets. He has raised capital or advised MindMed, Numinus, PsyBio, Cybin Corp, Harvest Health, Willow Biosciences and Charlotte's Web Holdings amongst others.

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

The directors present their report and financial statements for the period ended 30 November 2022.

Principal activities

Clarify was incorporated on 1 November 2019 and had its ordinary share capital admitted to trading on the Access Segment of the Aquis Stock Exchange Growth Market on 11 June 2021.

The board is developing a business concentrating on high potential and fast growing biotech and life science companies that perform research or produce neuro-pharmaceutical drug development platforms that advance medicines based on all psychedelic substances through rigorous science and clinical trials.

The Company leverages the board's expertise, and experience in multiple sectors, as well as their networks in the psychedelic medicine to drive value creation. The Board has a proven capability in transaction origination and strategic business plan execution to achieve significant growth.

Results

The Company recorded a loss for the period ended 30 November 2022 before taxation of £1,011,771 (2021: £1,293,457)

Directors

The following directors have held office throughout the period and to the date of these financial statements:

Jonathan Bixby

Nicholas Lyth

Patrick McBride

Jonathan Hives

Michael Edwards

Details of the Directors' holding of Ordinary Shares and Warrants are set out in the Director's Remuneration Report from page 9.

Financial Risk & Management

The overall objective of the Board is to set policies that seek to reduce risk as far as practical without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies can be referenced in Note 16.

Share Capital

Details of the Company's issued share capital, together with details of the movements since incorporation, are shown in Note 14. The Company has one class of Ordinary Share, and all shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

Substantial Shareholdings

At 5 April 2023, the Company had been informed of the following substantial interests over 3% of the issued share capital of the Company:

	Number of Shares	Percentage Holding
Marallo Holdings (Note 1)	69,000,000	23.22%

Note 1: Includes shares held by Olivia Edwards

Corporate Governance Statement

The Directors recognise the importance of sound corporate governance and have taken action to take account of the requirements of the QCA Code to the extent that they consider it appropriate having regard to the Company's size, board structure, stage of development and resources.

The Board, which will meet not less than once per month, will ensure that procedures, resources and controls are in place to ensure that AQSE Growth Market Access Rulebook compliance by the Company is operating effectively at all times and that the directors are communicating effectively with the Company's AQSE Corporate Adviser regarding the Company's ongoing compliance with the AQSE Growth Market Access Rulebook and in relation to all announcements and notifications and potential transactions.

In addition, the board has set up a board of advisors which will meet whenever the board proposes to make an investment. the board of advisors will agree recommendations in relation to each proposed investment and submit them to the board. in order to implement its business strategy, as at the date of this report, the Company has adopted the corporate governance structure which includes the implementation of the following committees:

i) **Audit Committee**

The Board has established an Audit Committee with formally delegated duties and responsibilities. The Audit Committee is chaired by Jonathan Hives and its other members are Michael Edwards and Nicholas Lyth. The Audit Committee will meet at least two times a year and will be responsible for ensuring the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies, as well as keeping under review the categorisation, monitoring and overall effectiveness of the Company's risk assessment and internal control processes.

ii) **Remuneration Committee**

The remuneration committee, which comprises Jonathan Hives and Jonathan Bixby, is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company. The Remuneration Committee is chaired by Jonathan Hives.

iii) **Aquis Rule Compliance Committee**

The Aquis Rule Compliance Committee, which will comprise Jonathan Hives, Jonathan Bixby and Nicholas Lyth, will meet not less than four times a year. The Aquis Rule Compliance Committee is chaired by Nicholas Lyth. The Company does not have a nomination committee as the Board does not consider it appropriate to establish such a committee at this stage of the Company's development. Decisions which would usually be taken by the nomination committee will be taken by the Board as a whole.

Board of Directors

The Board comprises two executive directors and three non-executive directors. the directors are ultimately responsible for managing the Company's business in accordance with its articles and assessing the appropriateness of its investing policy and strategy. The directors also have overall responsibility for the Company's activities, including its investment activities, and reviewing the performance of the Company's investments. The board comprises Jonathan Bixby, as Executive Chairman, Nicholas Lyth as Finance Director, and each of Michael Edwards, Jonathan Hives and Patrick McBride as Non-Executive Directors, as detailed in the Key Personnel Report.

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

The composition of the board is kept under review to ensure it remains appropriate for the Company, such that the constitution of the board will reflect the profile of the Company and prevailing corporate governance standards and, in particular, with a view to ensuring that there are independent directors (using the definition set out in the QCA Code).

The directors believe the board is comprised of a knowledgeable and experienced group of professionals with relevant experience and capability to deliver the Company's strategy.

External Auditor

Kreston Reeves are the appointed auditors to the Company and have expressed their willingness to remain in office. The Audit Committee will meet at least twice a year to consider the results, internal procedures and controls and matters. The board considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees and ensures that an appropriate relationship is maintained between the Company and its external auditor.

As part of the decision to recommend the appointment of the external auditor, the board considers the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the board's choice of external auditor. The Company has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded.

Directors' Remuneration

Remuneration Policies (unaudited)

The current directors' remuneration policies are set out in individual services contracts between the Company and the respective director. The directors are not required to comply with any shareholding qualifications.

Service contracts (unaudited)

The Directors have entered into service agreements with the Company and will continue to be employed until terminated by either party and observing the correct notice period however the Company has grounds to terminate the contract immediately in certain circumstances. All directors fees are to be reviewed on the first anniversary of the admission to trading on the AQSE stock exchange.

Each director is paid at a rate per annum as follows:

Toro Consulting Ltd on behalf of Jonathan Bixby	£96,000 per annum
Dark Peak Services Limited on behalf of Nicholas Lyth	£30,000 per annum*
Marallo Holdings on behalf of Michael Edwards	£60,000 per annum
Jonathan Hives	£36,000 per annum
Patrick McBride	£60,000 per annum
Nicholas Lyth	£30,000 per annum

**Plus VAT*

Implementation Report

Particulars of Directors' Remuneration (audited)

Particulars of directors' remuneration, including directors' warrants which, under the Companies Act 2006 are required to be audited, are given in Note 19 and further referenced in the Directors' report.

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

Remuneration paid to the directors' during the year ended 30 November 2022 was:

	Directors' Fees	Total
	£	£
Michael Edwards ¹	60,000	60,000
Patrick McBride	60,000	60,000
Jonathan Bixby ²	96,000	96,000
Nicholas Lyth ³	60,000	60,000
Jonathan Hives	36,000	36,000
	312,000	312,000

¹ Payments made to Marallo Holdings Inc a company owned and controlled by Michael Edwards

² Payments made to Toro Consulting Ltd a company owned and controlled by Jonathan Bixby.

³ £30,000 was paid to Dark Peak Services Ltd a company owned and controlled by Nicholas Lyth

Payments for loss of office (audited)

There were no payments for loss of office.

Bonus and incentive plans (audited)

There were no bonus and incentive plans in place during the period.

Political Donations

The Company did not make any donations to political parties in the period.

Percentage change in the remuneration of the Chief Executive (unaudited)

At period end the Company did not have a Chief Executive and as such, no CEO disclosure has been presented.

Directors' interests in shares (audited)

The Company has no director shareholder requirements.

The beneficial interest of the directors in the ordinary share capital of the Company at 5 April 2023 were:

	Ordinary Shares	Percentage of issued share capital 5 April 2023
		%
Marallo Holdings Inc ¹	68,000,000	22.88
Nicholas Lyth	500,000	0.17
2171117 Ontario Inc. ²	20,000,000	6.73
	90,500,000	30.45

¹ Marallo Holdings Inc is a company controlled by Michael Edwards, a director of the company and his wife

² 2171117 Ontario Inc is a company owned and controlled by Patrick McBride

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

The directors held the following warrants at the end of the period:

Director	Granted during the period	As at 5 April 2023	Exercise Price	Latest date of exercise
Dark Peak Services ¹	nil	5,000,000	£0.01	10 June 2024
Marallo Holdings Inc ²	nil	5,000,000	£0.01	18 Mar 2024
2171117 Ontario Inc. ³	nil	5,000,000	£0.01	10 June 2024
2171117 Ontario Inc. ⁴	nil	5,000,000	£0.025	10 June 2024
Toro Consulting Ltd ³	nil	10,000,000	£0.01	18 Mar 2024
	nil	32,000,000		

¹Dark Peak Services is a company owned and controlled by Nicholas Lyth

²Marallo Holdings is a company controlled by Michael Edwards, a director of the company and his wife

³Toro Consulting Ltd is a company owned and controlled by Jonathan Bixby.

⁴2171117 Ontario Inc is a company owned and controlled by Patrick McBride

Director Indemnification

In the absence of a specific Director & Officer Liability Insurance policy, the Company has entered into Indemnification Agreements with each Director. These Agreements provide for the Company's Indemnification in the event of any proceedings brought against a Director.

Impact of operations on the community and environment

The Company presently has no current operations that impact upon the community or environment, however upon any potential investment will ensure it reviews its Health, Safety & Environment ('HSE') and other policies and works responsibly with suppliers, and performance is monitored on an on-going basis.

Maintain a reputation for high standards of business conduct

The corporate governance section of this annual report sets out the board and committee structures and extensive board and committee meetings held during the year, together with the experience of executive management and the board and the Company's policies and procedures.

Act fairly between members of the Company

The board takes feedback from a wide range of shareholders (large and small) and endeavours at every opportunity to pro-actively engage with all shareholders (via regular news reporting-rns) and engage with any specific shareholders in response to particular queries they may have from time to time. The board considers that its key decisions during the year have impacted equally on all members of the Company

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company financial statements in accordance with International Accounting Standards in conformity with the requirements of Companies Act 2006. 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 the profit and loss of the company for that period.

In preparing the financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Ensure statements comply with International Accounting Standards in conformity with the Companies Act 2006 for the period; 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 Company 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 financial statements are published on the Company's website (<https://www.clarifypharma.com/>). The work carried out by the auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Disclosure and Transparency Rules

Details of the Company's share capital and warrants are given in Notes 14 and 15 respectively. There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights. As far as the Company is aware there are no persons with significant direct or indirect holdings other than the directors and other significant shareholders as shown on pages 12. The provisions covering the appointment and replacement of directors are contained in the Company's articles, any changes to which require shareholder approval. There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to Listing Rule 9.8.4.

Auditor Information

The directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Events after the reporting period

There are no significant events of the Company subsequent to year end.

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further details are given in Note 2.2 to the Financial Statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

On behalf of the board



Nicholas Lyth
Finance Director
26 May 2023

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

Opinion

We have audited the financial statements of Clarify Pharma PLC for the year ended 30 November 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cashflow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2022 and of the company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that after due consideration of the going concern accounting policy and supporting information, we believe the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We performed a full scope audit on the main components of the business representing a large proportion of the company's net assets.

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

Key audit matters

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

KEY AUDIT MATTER

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Impairment of investments

The company has acquired a significant investment during the financial period. Given the volatile and uncertain markets that surround pharmaceuticals, there was the risk that this investment could require significant impairment after a lack of success during their researching activities.

In addition, as the economy continues its recovery from COVID-19 many companies have struggled to adapt to changes which in the market place.

We reviewed the supporting documentation associated with the investment to ensure an accurate costing was originally included within the financial statements.

The investment has been verified against available present and future financial data as well as any press releases etc that may present an indication of impairment both as at the year end and going forward.

The impairment review is highly judgemental and required the assessment of assumptions used, including around the future success of the researching activities.

Based on the above procedures we consider this risk to be materially mitigated

We reviewed the post balance sheet date financial information associated with the entity to ensure that there are sufficient plans in place to secure the future operational activity.

It was identified that there are to be numerous cutbacks with regards to expenditure, including the pausing of all director fees and salaries for the foreseeable future.

Based on the above procedures we consider this risk to be materially mitigated

Going concern

The company's existence is solely for the purpose of investing into pharmaceutical companies and therefore it does not generate any trading income as such.

Consequently, there is a finite amount of cash available to fund the operations of the company, therefore generating a risk for the foreseeable going concern basis of the entity.

Our application of materiality

Overall Materiality	£42,000	£50,000
Overall Performance Materiality	£21,000	£25,000
How we determined it	2% of gross assets	2% of gross assets
Rationale for benchmark	The company's principal activity is that of the holding of investments. Therefore, a benchmark for materiality of the gross assets is considered to be the most appropriate basis for materiality.	

We reported all audit differences found in excess of our triviality threshold of £2,100 (2021: £2,500) to the directors and the management board.

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year 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 our 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 (set out on page 13), 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.

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

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.

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.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of intangible assets and investments. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED 30 NOVEMBER 2022

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our Report

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



Anne Dwyer BSc(Hons) FCA (Senior Statutory Auditor)
For and on behalf of
Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
London
Date: 26 May 2023

CLARIFY PHARMA PLC – REGISTERED NUMBER 12294271
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 NOVEMBER 2022

		<i>Audited</i> Year ended 30 November 2022 £'000	<i>Restated</i> Year ended 30 November 2021 £'000
	Note		
Continuing Operations			
Revenue		-	-
Administrative expenses	4	(914)	(1,293)
Capital loss on investments	10	(97)	-
Operating loss		(1,011)	(1,293)
Loss before taxation		(1,011)	(1,293)
Taxation	7	-	-
Loss after taxation		(1,011)	(1,293)
Other comprehensive income	8	5	24
Total comprehensive loss for the year attributable to shareholders from continuing operations		(1,006)	(1,269)
Basic earnings per share - pence		(0.34)	(0.59)
	9		
Dilutive earnings per share - pence		(0.34)	(0.59)


The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The accompanying notes on pages 25 to 41 form an integral part of these financial statements

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2022

		<i>Audited</i>	<i>Restated</i>
		As at	As at
		30 November 2022	30 November 2021
	Note	£'000	£'000
NON-CURRENT ASSETS			
Investments	10	946	528
TOTAL NON-CURRENT ASSETS		946	528
CURRENT ASSETS			
Cash and cash equivalents	11	435	1,524
Trade and other receivables	12	90	508
TOTAL CURRENT ASSETS		525	2,032
TOTAL ASSETS		1,471	2,560
CURRENT LIABILITIES			
Trade and other payables	13	62	147
TOTAL CURRENT LIABILITIES		62	147
TOTAL LIABILITIES		62	147
NET ASSETS		1,409	2,413
EQUITY			
Share capital	14	297	297
Share premium	14	2,810	2,810
Share based payment reserve	15	575	575
Fair value reserve	15	2	-
Retained earnings		(2,275)	(1,269)
TOTAL EQUITY		1,409	2,413

The financial statements were approved by the board on 26 May 2023 by:



Nicholas Lyth – Finance Director

The accompanying notes on pages 25 to 41 form an integral part of these financial statements

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
STATEMENT OF CHANGES IN EQUITY
AS AT 30 NOVEMBER 2022

	Share Capital £'000	Share Premium £'000	Share based payment reserve £'000	Fair value reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 30 November 2020	-	-	-	-	-	-
Loss for period	-	-	-	-	(1,293)	(1,293)
Other comprehensive income	-	-	-	-	24	24
Total comprehensive income for year	-	-	-	-	(1,269)	(1,269)
Transactions with owners						
Ordinary shares issued	297	2,951	-	-	-	3,248
Broker warrants issued	-	61	575	-	-	636
Share Issue Costs	-	(202)	-	-	-	(202)
Transactions with owners	297	2,810	575	-	-	3,682
Balance at 30 November 2021	297	2,810	575	-	(1,269)	2,413
Loss for period	-	-	-	-	(1,011)	(1,011)
Other comprehensive income	-	-	-	-	5	5
Total comprehensive income for year	-	-	-	-	(1,006)	(1,006)
Transactions with owners						
Fair value adjustment on investments	-	-	-	2	-	2
Transactions with owners	-	-	-	2	-	2
Balance at 30 November 2022	297	2,810	575	2	(2,275)	1,409

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2022

		Audited Year ended 30 November 2022	Restated Year ended 30 November 2021
	Note	£'000	£'000
Cash flow from operating activities			
Loss for the financial year		(1,006)	(1,269)
<i>Adjustments for:</i>			
Share based payments		-	636
Settlement of fees through issue of equity		204	
Foreign exchange movements		(5)	(24)
Capital loss on investments		97	-
<i>Changes in working capital:</i>			
(Increase) / decrease in trade and other receivables		166	(508)
Increase / (decrease) in trade and other payables		(37)	147
Net cash outflow from operating activities		(581)	(1,018)
Cash flows from investing activities			
Investments - additions		(650)	(504)
Investments – disposals		142	-
Net cash flow from investing activities		(508)	(504)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,248
Share issue costs		-	(202)
Net cash flow from financing activities		-	3,046
Net increase in cash and cash equivalents		(1,089)	1,524
Cash and cash equivalents at beginning of the period		1,524	-
Cash and cash equivalents at end of the period	11	435	1,524

The accompanying notes on pages 25 to 41 form an integral part of these financial statements

1. General Information

Clarify Pharma Plc (“Clarify” or “the Company”) was incorporated on 1 November 2019 in England and Wales and remains domiciled there with Registered Number 12294271 under the Companies Act 2006. The company was originally incorporated under the name Mena Esports Plc and subsequently changed its name to Clarify Pharma Plc on 4 February 2021.

The address of its registered office is 9th Floor 16, Great Queen Street, London, England, WC2B5DG.

The principal activity of the Company during the period under review was that of the incubation of and investment in companies that are developing therapeutic remedies using compounds with certain psychedelic properties.

The Company successfully listed on the Aquis Stock Exchange (“Aquis”) on 11 June 2021.

2. Accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, UK-adopted International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board (“IFRSs”). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in GBP (£’000), which is the Company’s functional and presentational currency.

The financial statements present the results for the Company for the year ended 30 November 2022 and comparative results for the year ended 30 November 2021.

2.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet its liabilities as they fall due. At period end the Company has £435k (2021: £1,524k) in cash and cash equivalents and very little in the way of committed expenditure. The cash position is further supported by liquid assets in the form of tradable securities that can easily be liquidated to supplement cash flow (£1,381k including cash).

Despite the loss of £1,006k this year (2021: £1,269k) it is primarily the analysis of liquid asset reserves versus minimal committed expenditure that leads the Directors to believe the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions.

2.4 Equity

Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

Equity-settled share-based payments are credited to a share-based payment reserve as a component of equity until related options or warrants are exercised or lapse. See Note 2.10 for more detail.

Unrealised changes in the fair value of investments are credited to the value of the investments with the balance transferred to a separate fair value reserve under equity.

Retained losses includes all current and prior period results as disclosed in the income statement.

2.5 Foreign currency translation

The financial statements are presented in Sterling which is the Company's functional and presentational currency.

Transactions in currencies other than the functional currency are recognised at the rates of exchange on the dates of the transactions. At each balance sheet date, monetary assets and liabilities are retranslated at the rates prevailing at the balance sheet date with differences recognised in the Statement of comprehensive income in the period in which they arise.

2.6 Investments

Investments and other financial assets are initially measured at fair value. Where shares are publicly traded or the fair value can otherwise be measured reliably, any changes in fair value are credited to the fair value reserve.

The Company measures financial instruments and non-financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.7 Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss);
- those to be measured at amortised cost; and
- those to be measured subsequently at fair value through profit or loss.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Company commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d) Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.8 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

2.9 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, and subsequently measured at amortised cost using the effective interest method.

2.10 Provisions

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade and other receivables. Currently the Company is only providing for losses related to other receivables as it does not have a trade receivables balance. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. The Directors have assessed that the credit risk in relation to other receivables has increased and therefore have recognised a provision against this asset.

2.11 Taxation

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

2.12 Share based payments

The Company has previously made awards of warrants on its issued share capital to certain parties in return for services provided. The valuation of these warrants involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the warrants and interest rates. These assumptions have been integrated into the Black Scholes Option Pricing model in this instance to derive a value for any share-based payments. There have been no warrants valued in the current year.

2.13 Other comprehensive income

Gains or losses in the value of investments relating to foreign exchange movements are recognised as other comprehensive income ("OCI") in the Statement of Profit and Loss and Other Comprehensive Income.

2.14 Prior period restated balances

Values from the year ended 30 November 2021 have been restated in these financial statements due to invoices issued post period end which will impact on financial years ending 2021, 2022 and 2023. These developments have had an immaterial impact on the position of the Company and primarily relate to the reallocation of expenses between periods. A reconciliation of the balances can be seen below in relation to the year ended 30 November 2021:

	<i>Original 30 Nov 2021 £'000</i>	<i>Restated 30 Nov 2021 £'000</i>
Total comprehensive loss	(1,232)	(1,269)
Change in loss	-	(37)
Trade and other payables	61	147
Share premium	2,859	2,810
Net assets	2,499	2,413

2.15 New and amended accounting standards adopted by the Company

The following new and amended Standards and Interpretations have been issued and are effective for the current financial period of the Company.

Covid-19-Related Rent Concessions beyond June 2021 (Amendment to IFRS 16)

The amendment is effective for annual periods that begin on or after 1 April 2021, however early application is permitted. As the Company has no such rental expenses in the year ended 31 December 2021, the revised standard would have no impact on the accounts of the entity and thus early adoption has not been considered necessary.

Other amendments

There are no other relevant Standards or amendments issued by the IASB that are effective for an annual period that begins on or after 1 January 2021.

2.16 New standards and interpretations not yet adopted

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the UK):

- IFRS 17 Insurance Contracts – Applicable to annual reporting periods beginning on or after 1 January 2023
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) - Annual reporting periods beginning on or after 1 January 2023
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Annual reporting periods beginning on or after 1 January 2022
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) - Annual reporting periods beginning on or after 1 January 2022
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) - Annual reporting periods beginning on or after 1 January 2022
- Annual Improvements to IFRS Standards 2018–2020 - Annual reporting periods beginning on or after 1 January 2022
- Amendments to IFRS 17 - Annual reporting periods beginning on or after 1 January 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - Annual reporting periods beginning on or after 1 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8) - Annual reporting periods beginning on or after 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - Annual reporting periods beginning on or after 1 January 2023

The effect of these new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

The directors are evaluating the impact that these standards may have on the financial statements of Company.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

2.17 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

Investments

Investments are classified as listed or unlisted with the total value at year end of £946,000 (2021: £528,000). The valuation of listed investments is determined with reference to published share prices. The valuation of unlisted investments is assessed by the directors at each reporting date using any financial information or reports available to them at that time. The directors' assessment of these valuations is subjective and may therefore impact profit and loss and equity in future periods. See unlisted investments at Note 10 for investments subject to these estimates.

Share based payments

The Company issues options and warrants to its employees, directors, investors and advisors. These are valued in accordance with IFRS 2 "Share-based payments". In calculating the related charge on issuing shares and warrants the Company will use a variety of estimates and judgements in respect of inputs used including share price volatility, risk free rate, and expected life. Changes to these inputs may impact the related charge of £575,000 for 2022 (2021:£nil). The inputs can be further viewed at Note 15.

3. Segmental analysis

The Company manages its operations in one segment, being seeking suitable investments specifically in the natural medicines sector. The results of this segment are regularly reviewed by the board as a basis for the allocation of resources, in conjunction with individual investment appraisals, and to assess its performance.

4. Operating Loss

**Restated*

Operating loss for the Company is stated after charging:

	Year ended 30 November 2022 £'000	*Year ended 30 November 2021 £'000
Directors fees	252	216
Salary and wages*	72	19
Professional fees	332	401
Share based payments	-	636
Other administrative expenses	11	21
Provision for doubtful debts	247	-
Total	914	1,293

**Salary and wages relates to directors fees to Jonathan Hive and Nicholas Lyth that are processed through payroll. Refer to note 19 for details on directors remuneration.*

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

5. Employees

The only employees of the Company during the period ending 30 November 2022 were directors. See Directors' Report on page 12 for details of directors remuneration:

	No employees 30 November 22	No employees 30 November 21
Management	5	6
	<u>5</u>	<u>6</u>

6. Auditor's Remuneration

Auditor's remuneration	Year ended 30 November 2022 £'000	Year ended 30 November 2021 £'000
In respect of the audit of the Company accounts	19	18
Total	<u>19</u>	<u>18</u>

7. Taxation

**Restated*

	Year ended 30 November 2022 £'000	*Year ended 30 November 2021 £'000
A reconciliation of the tax charge appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the year is:		
Loss per accounts	(1,011)	(1,293)
Tax credit /(charge) at the standard rate of corporation tax in the UK of 19% (2021: 19%)	(192)	(246)
Adjustment for items disallowable for tax	-	-
Tax losses for which no deferred tax is recognised	192	246
Tax expense recognised in accounts	<u>-</u>	<u>-</u>

The Company has total carried forward losses of £2,243k. The taxed value of the unrecognised deferred tax asset is £426k. No deferred tax assets in respect of tax losses have been recognised in the accounts because there is currently insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

On 15 March 2023 it was announced that from 1 April 2023 the UK corporation tax rate would increase from 19%-25% for profits over £250,000. Profits made under the £250,000 threshold will continue to be taxed at a rate of 19%.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

8. Other comprehensive income

Items credited to the other comprehensive income ("OCI") line of the statement of comprehensive income relate to the impact of foreign exchange movements on the balance of assets and liabilities specifically investments. OCI for the period is stated below:

	Year ended 30 November 2022 £'000	Year ended 30 November 2021 £'000
Foreign exchange impact	5	24
Total	5	24

9. Earnings per share

**Restated*

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue during the year.

	Year ended 30 November 2022	*Year ended 30 November 2021
Net loss for the period attributable to ordinary equity holders for continuing operations (£'000)	(1,011)	(1,293)
Weighted average number of ordinary shares in issue	297,196,000	219,707,652
Basic earnings per share for continuing operations (pence)	(0.34)	(0.59)
Diluted earnings per share for continuing operations (pence)	(0.34)	(0.59)

There is no difference between the diluted loss per share and the basic loss per share presented. Share options and warrants could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the year presented.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

10. Investments

	Unlisted investments £'000	Listed investments £'000	Total £'000
Opening balance – 1 Dec 2020	-	-	-
Additions ¹	504	-	504
Foreign exchange movements	24	-	24
Closing balance – 30 November 2021	528	-	528
<hr/>			
Opening balance – 1 Dec 2021	528	-	528
Additions	-	650	650
Foreign exchange movements	51	(46)	5
Fair value adjustments	-	2	2
Capital loss on disposal	-	(97)	(97)
Disposals	-	(142)	(142)
Closing balance – 30 November 2022	579	367	946

¹In prior periods the Company made a \$700,000 USD investment into Beckley Psytech Limited (“Beckley”), a private company dedicated to addressing neurological and psychiatric disorders through the novel application of psychedelic medicines. At the time of investment on 17 August 2021, the Company had a 0.26% interest in Beckley.

Other investments relate to non-controlling interests in the shares of public companies.

11. Cash and cash equivalents

	As at 30 November 2022 £'000	As at 30 November 2021 £'000
Cash at bank	435	1,524
Total	435	1,524

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

12. Trade and other receivables

	As at 30 November 2022 £'000	As at 30 November 2021 £'000
Other debtors	247	508
Prepayments	90	-
Provision for doubtful debts	(247)	-
Total	90	508

Other debtors relate to amounts owed from Banque Heritage, a family controlled Swiss private bank. The Directors remain confident that these amounts are recoverable however have taken the prudent view and recognised a provision.

13. Trade and other payables

**Restated*

	As at 30 November 2022 £'000	*As at 30 November 2021 £'000
Trade creditors	32	20
Accruals	28	126
Other payables	2	1
Total	62	147

14. Share capital and share premium*

**Restated*

	Ordinary Shares #	Share Capital £	Share Premium £	Total £
At 30 November 2021	297,196,000	297	2,810	3,107
	-	-	-	-
At 30 November 2022	297,196,000	297	2,810	3,107

The share premium represents the difference between the nominal value of the shares issued and the actual amount subscribed less; the cost of issue of the shares, the value of the bonus share issue, or any bonus warrant issue.

The Company has only one class of share. All ordinary shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital. The nominal value of the Company's share capital is £0.001.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

15. Other reserves

	Fair value reserve £'000	Share based payments reserve £'000	Total £'000
Opening balance – 1 Dec 2021	-	575	575
Fair value adjustments on investments	2	-	2
30 November 2022	2	575	577

Warrants

As at 30 November 2022		
	Weighted average exercise price	Number of warrants
Outstanding at the beginning of the year	1.93p	80,897,500
Granted during the year		-
Outstanding at the end of the year	1.93p	80,897,500
Exercisable at the end of the year	1.93p	80,897,500

Grant date	Expiry date	Exercise price	Outstanding at 30 November 2022	Exercisable at 30 November 2021
19-Mar-21	19-Mar-24	£0.01	20,500,000	20,500,000
11-Jun-21	11-Jun-26	£0.025	6,187,500	6,187,500
11-Jun-21	11-Jun-26	£0.01	10,000,000	10,000,000
11-Jun-21	11-Jun-26	£0.025	5,000,000	5,000,000
11-Jun-21	11-Jun-26	£0.025	39,210,000	39,210,000
			80,897,500	80,897,500

The weighted average exercise price of the warrants exercisable at 30 November 2022 is £0.019.
The weighted average time to expiry of the warrants as at 30 November 2022 is 1.14 years.

16. Financial Instruments and Risk Management

Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company is to minimise costs and liquidity risk whilst simultaneously maximising value to shareholders.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued share capital, share premium, share based payment and fair values reserves and retained earnings as disclosed in the Statement of Changes of Equity.

The Company is exposed to a number of risks through its normal operations, the most significant of which are credit, foreign exchange and liquidity risks.

The management of these risks is vested to the Board of Directors. The sensitivity has been prepared assuming the liability outstanding was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in expense/decrease in income.

Principal financial instruments

The principal financial instruments used by the Company from which the financial risk arises are as follows:

Financial assets	As at 30 November 2022 £'000	As at 30 November 2021 £'000
Cash and cash equivalents	435	1,524
Trade and other receivables	247	508
Investments	946	529
Total	1,628	2,561
Financial liabilities	As at 30 November 2022 £'000	As at 30 November 2021 £'000
Trade payables	32	20
Other payables	2	1
Total	34	21

The financial liabilities are payable within one year.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

General objectives and policies

The overall objective of the Board is to set policies that seek to reduce risk as far as practical without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are:

Policy on financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, investments and trade and other payables. The Company's accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 2 – "Accounting Policies".

The Company does not use financial instruments for speculative purposes. The carrying value of all financial assets and liabilities approximates to their fair value.

Derivatives, financial instruments and risk management

The Company does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Foreign currency risk management

The Company does have foreign currency exposure as its investments are denominated in US dollars. However due to the low volume of transactions and the relative stability of both the \$USD and £GBP the Directors have assessed the risk as minimal and decided that mitigation strategies are not required at this stage of operations. The Directors will continue to assess this risk at regular intervals going forward.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company's exposure and the credit ratings of its counterparties are monitored by the Board of Directors to ensure that the aggregate value of transactions is spread amongst approved counterparties.

The Company applies IFRS 9 to measure expected credit losses for receivables, these are regularly monitored and assessed. Receivables are subject to an expected credit loss provision when it is probable that amounts outstanding are not recoverable as set out in the accounting policy. The impact of expected credit losses was immaterial.

The Company's principal financial assets are cash and cash equivalents, trade and other receivables and investments. Cash equivalents include amounts held on deposit with financial institutions.

Despite any perceived increase in risk of online platforms they are quickly becoming common place in modern day business and should not be cause for a significant elevation in risk.

As alluded to in Note 12 the majority of the trade and other receivables balance are held by a large international firm and hence the directors are confident in the recoverability of this asset.

No financial assets have indicators of impairment.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recorded in the financial statements.

Borrowings and interest rate risk

The Company currently has no borrowings. The Company's principal financial assets are cash and cash equivalents, trade and other receivables and investments. Cash equivalents include amounts held on deposit with financial institutions. The effect of variable interest rates is not significant.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

Liquidity risk

During the period ended 30 November 2022, the Company was financed by cash raised through equity funding. Funds raised surplus to immediate requirements are held as cash deposits in Sterling.

In managing liquidity risk, the main objective of the Company is to ensure that it has the ability to pay all of its liabilities as they fall due. The Company monitors its levels of working capital to ensure that it can meet its liabilities as they fall due.

The table below shows the undiscounted cash flows on the Company's financial liabilities as at 30 November 2022 on the basis of their earliest possible contractual maturity.

	Total	Within 2	Within 2-6
	£'000	months	months
		£'000	£'000
At 30 November 2022			
Trade payables	32	32	-
Other payables	2	2	-

17. Fair value measurement of financial instruments

	Level	Level	Level
30 November 2022	1	2	3
Financial assets at fair value	367	579	-

i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Investments are valued using level 1 quoted prices in the period.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

The following table presents the changes in level 1 instruments for the period ended 30 November 2022:

	£'000
Opening Balance – 1 December 2020	-
Purchases, disposals and reclassifications	-
Fair value adjustments	-
As at 30 November 2021	-
Purchases	650
Foreign exchange adjustments	(46)
Fair value adjustments	2
Capital loss on disposal	(97)
Disposals	(142)
As at 30 November 2022	367

ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Company classifies its investments in in unlisted companies as level 2 financial instruments. At period end there is no evidence of impairment of the level 2 financial instruments.

The following table presents the changes in level 2 instruments for the period ended 30 November 2022:

	£'000
Opening Balance – 1 December 2020	-
Purchases, disposals and reclassifications	504
Foreign exchange adjustments	24
Fair value adjustments	-
As at 30 November 2021	528
Purchases, disposals and reclassifications	-
Foreign exchange adjustments	51
Fair value adjustments	-
As at 30 November 2022	579

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

18. Financial assets and liabilities

	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
2022			
Trade and other receivables	247	-	247
Investments	946	-	946
Cash and cash equivalents	435	-	435
Trade and other payables	-	(34)	(34)
	1,628	(34)	1,594

	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Total £'000
2021			
Trade and other receivables	508	-	508
Investments	528	-	528
Cash and cash equivalents	1,524	-	1,524
Trade and other payables	-	(21)	(21)
	2,560	(21)	2,539

19. Related Party Transactions

Service Agreements

The Company has the following service agreements with directors of the Company:

1) Toro Consulting Ltd

On April 5th 2021 the Company entered into a consultancy agreement with Toro Consulting Ltd , a company owned and controlled by Jonathan Bixby pursuant to which Toro agreed to provide the services of Jonathan Bixby so that Mr Bixby can lead the development and execution of the Company's long term strategy with a view to creating shareholder value and be responsible for day to day management decisions and for implementing the Company's long and short term plans. The Company paid an amount of £96,000 to Toro Consulting Ltd during the year (2021: £80,000). At year end there was an amount of £10,000 owing in relation to fees for the month of November 2022.

CLARIFY PHARMA PLC – COMPANY NUMBER 12294271
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 NOVEMBER 2022

2) Dark Peak Services Limited

On 4 June 2021 the Company entered into a consultancy agreement with Dark Peak Services Limited, (Dark Peak), a company owned and controlled by Nicholas Lyth pursuant to which Dark Peak agreed to provide the services of Nicholas Lyth to the Company as the finance director of the Company to provide financial management services including supervising accounting staff, overseeing internal controls, setting financial targets, implementing fund-raising strategies, engaging with investors, developing a financial strategy, conducting feasibility studies, monitoring expenditure, overseeing annual insurance, monitoring cash flow, evaluating investments, and managing tax compliance. In the period the Company paid £36,000 to Dark Peak Services Limited (2021: £39,000). At year end there was an amount of £3,000 owing in relation to fees for the month of November 2022.

3) Marallo Holdings Inc

On 5 February 2021 the Company entered into a consultancy agreement with Marallo Holdings Inc, a company owned and controlled by director Michael Edwards and his wife Julie Hamilton. Under the terms of this agreement Michael Edwards agreed to provide services as a non-executive director to the Company. In the period the Company paid £60,000 to Marallo Holdings Inc (2021: £39,000). At year end there was an amount of £5,000 owed to Marallo Holdings Inc in relation to consulting fees for the month of November 2022.

4) Patrick McBride

During the year Patrick McBride was paid £60,000 for Directors fee for services to the Company (2021: £28,167). At year end there was an amount of £5,000 owing in relation to fees for the month of November 2022.

20. Ultimate Controlling Party

As at 30 November 2022, there was no ultimate controlling party of the Company.