RNS Number : 6539M
Kanabo Group PLC
30 April 2024

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Kanabo Group Plc
("Kanabo", the "Group" or the "Company")

FULL YEAR RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2023

Key highlights FY2023 and recent weeks:
- Improve operating performance with 48% revenue growth compared with FY2022;
- Launched Treat It an online clinic specialised in pain management;
- Strengthen the board of director with the appointment ofIan Mattioli as the Chair;
- Expanded Treat It clinic services to include mental health;
- Partnered with City Dock Pharmacy in Wapping, London, to launch the UK's first walk-in pain clinic.

London, UK - 30 April 2024 -Kanabo Group Plc (LSE: KNB), a leader in digital health services and specialised medicines, including medicinal cannabis, today announced its full-year results for the year ended 31 December 2023, marked by strong financial performance and significant strategic advancements.

Avihu Tamir, Chief Executive Officer of Kanabo commented**:** "I am pleased with the progress we made throughout 2023, highlighted by our financial performance and strategic achievements.

We anticipate that the pressure on the UK's National Health Service will continue unabated, resulting in sustained demand for independent services providing access to medical professionals. We also believe that as awareness of the benefits of specialised medicines, including medicinal cannabis, grows, particularly for chronic conditions such as pain management, we will see increased demand across our online clinics.

"Looking ahead, the future of Kanaboo is filled with promise and potential. We believe that our recent achievements position us well and setting the foundations for our growth in 2024 and beyond. We are confident in our ability to build a scalable business that meets our sector's demand and to seize growth opportunities. We appreciate the ongoing support from shareholders and look forward to delivering long-term benefits for our shareholders"

2023 Financial update:

Kanabo achieved a substantial 48% increase in revenues, reaching £895k in 2023 (2022: £603k). Revenues in the second half of the year amount to £446k, marking a 23% increase over the same period last year.

The Company significantly improved its financial performance, reducing its adjusted net loss to £2,627k in 2023 from £3,558k in 2022, a decrease of approximately 26.2%. This demonstrates effective cost management and increases operational efficiency.

In May 2023, the Company completed a £2.74 million fundraising round, which was strongly supported by both new and existing investors, including significant participation from our senior team. On 31 December 2023, the Company maintained a strong cash position of £3.2m, which was consistent with the cash position at the end of 2022.

2023 corporate update:

Launch of the Treat It online clinic

The Company launched the Treat It online clinic, enhancing its digital health platform with specialised pain management and mental health services using Medical Cannabis. Treat It seamlessly integrates with NHS medical records for real-time access, crucial for immediate, specialised consultations and prescriptions. This capability allows Kanabo to provide rapid, direct care. Our efficient use of existing e-prescription services facilitates swift growth without significant investment in new development.

New Product Introductions

Kanabo launched two new medicinal cannabis extract formulations, tailored for day and night use, designed specifically for inhalation, and catering to the needs of patients with chronic, severe pain.

Kanabo Agritec Developments

The Company's Agritec division secured its first contract to develop a medicinal Cannabis cultivation facility in Madrid, Spain. This highlights Kanabo's agricultural technology and consultancy growth, which generated over €500K in revenue in 2024.

Board and Management Strengthening

The appointment of Ian Mattioli as Chair and Sharon Malka as Non-Executive Director strengthens our board with extensive experience in healthcare and technology, aligning with our strategic growth initiatives.

Post-Year-End Developments:

Post-period, we expanded our Treat It clinic services with a dedicated Mental Health clinic. Launched to support individuals suffering from conditions such as anxiety, post-traumatic stress disorder (PTSD), and insomnia, this expansion enables us to reach a wider audience seeking specialised care.

Most recently, we announced a partnership with City Dock Pharmacy in Wapping,London, to launch the UK's first walk-in pain clinic, enhancing our community-based healthcare offerings. Following the successful pilot at City Dock, we have expanded our in-pharmacy clinic model to Village Pharmacy Bramhall, Manchester. The Company is expected to establish over 10 walk-in clinics by the end of the year and more than 50 referral pharmacies, significantly enhancing both our network and patient access across the country.

Future Outlook and Strategic Vision for 2024:

As we move into 2024, Kanabo is poised for a pivotal year. We believe we are strategically positioned to leverage our expanded product portfolio and enhanced distribution networks to meet the growing demand for digital health services and specialised medicines. Key initiatives include:

1. Developing a streamlined triage process through a smart IT solution, enhancing our digital health platform;
2. Expanding our in-pharmacy clinic franchise, increasing accessibility and reach;
3. Launching and expanding our VapePod MD medical inhaler distribution inGermany; and
4. Launching a SaaS solution for the Treat It platform, broadening our service capabilities and market reach.

Enquiries:

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About Kanabo Group plc

Kanabo Group plc (LSE:KNB) is a digital health company committed to transforming patient care through its innovative technology platform and specialised treatment offerings. Since its inception in 2017, Kanabo has been focused on researching, developing, and commercialising regulated medicinal cannabis-derived formulations and therapeutic inhalation devices.

Kanabo's NHS-approved online telehealth platform, The GP Service, provides patients with video consultations, online prescriptions, and primary care services. Leveraging its telehealth capabilities, in February 2023, Kanabo launched Treat It, an online clinic focused on chronic pain management that provides patients with secondary care.

With its two complementary business divisions, Kanabo has established itself as an end-to-end digital health provider. It offers telehealth consultations, prescriptions and tailor-made treatments.

The Company's partially owned subsidiary, Kanabo Agritec Ltd, is a cultivation consultancy supporting cannabis businesses in developing new farms through infrastructural, research, and product guidance. These farms deliver high-quality raw materials for Kanabo's formulas and product line.

At Kanabo Group Plc, we are dedicated to providing patients with the highest quality medical treatments and more accessible healthcare experiences.

Visit www.kanabogroup.com for more information.

Future Performance And Forward Looking Statements

This announcement contains certain statements that constitute forward-looking statements that may be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "estimates," "potential" or "continue" or the negative thereof or other comparable terminology. Examples of such statements include, but are not limited to, statements regarding the design, scope, initiation, conduct and results of our research and development programs; our plans and objectives for future operations; and the potential benefits of our products and research technologies. These statements involve a number of risks and uncertainties that could cause actual results and the timing of events to differ materially from those anticipated by these forward-looking statements. These risks and uncertainties include a variety of factors, some of which are beyond our control. Forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Chair's Statement

I am delighted to report on Kanabo's progress in 2023. I joined the Group in the first half of what has been a pivotal year for the Company as it strengthened its operating footprint in digital health services and am pleased to have been part of this progress. I believe there is a real opportunity to develop a leading provider of digital health services to support patients who are currently struggling to access medicinal professionals and novel treatments due to the significant and growing pressure on existing health services that operate through traditional channels. Kanabo is uniquely positioned to become a go-to provider of both primary and secondary healthcare provisions and alternative medications, affording patients more autonomy over their specialized healthcare plan.

We made progress in the provision of primary care, secondary care, and the development and distribution of specialized medications in 2023, with the launch of new products and services, and through developing external partnerships to support the Company's growth, thereby establishing a more robust end-to-end digital healthcare service provider.

These operational achievements were underpinned by significant strategic progress across the Group's primary and secondary healthcare divisions.

In March 2023, the Group launched the Treat-It platform, an online consultation platform that provides patients suffering from chronic pain conditions access to healthcare professionals who can prescribe alternative medications, including medicinal cannabis, to help these individuals better manage their conditions. There are approximately 8 million chronic pain sufferers in the UK who often face significant difficulties in gaining access to medication. Kanabo's unique approach to healthcare, offered through the Treat-It platform, provides these individuals with the tools they need to better manage their conditions. The Group has continued to develop Treat-It throughout the Period, and in November, announced a partnership with BRITISH CANNABIS to supply the CBD by BRITISH CANNABIS range of pharmacy-grade CBD health supplements to patients via a prescription service offered through the Treat-It platform. This partnership allows Kanabo to continue to increase the accessibility and affordability of high-quality, alternative pain management solutions for patients.

The development of Kanabo's healthcare consultation platforms was further supported by a contract extension with a leading retailer to provide video consultation and prescription services to patients via Kanabo's integrated online telehealth platform, The GP Service. This widens Kanabo's unique offering to a growing number of patients, providing them with digital healthcare solutions that meet their unique needs.

Kanabo's digital healthcare provision is supported by its unique medicinal cannabis offering, and the Company has made further progress in developing the quality of these unique products in 2023. I am pleased to report that Kanabo has launched two new extracts for pain management and continues to progress on the CE Mark certification. Furthermore, in January 2024, Kanabo announced the launch of a partnership with City Dock Pharmacy in London, establishing the UK's first walk-in clinic for pain management, delivering specialized medicines including medicinal cannabis.

The healthcare sector is under significant pressure in the UK and there is growing demand for alternative approaches to both primary and secondary care provision. Kanabo's position at the leading-edge of technology positions the Group to continue to offer patients access to healthcare services.

The Group saw several changes to the Board in 2023.Dan Poulter and Gil Efron both stepped down and we would like to wish them the best with their future endeavours. I would also like to thank David Tsur for his service as Chair before my arrival and am grateful for his continued expertise and support in the Deputy Chair role. Finally, I would like to welcome Sharon Malka to the Board; we are benefitting from his experience in both the healthcare and technology sectors.

Overall, the Group has made solid progress throughout the Period. I am pleased to be a part of Kanabo's growing offering to provide individuals with better access to healthcare services that meet their unique needs. I look forward to updating shareholders on our progress as we continue to leverage our position as a go-to provider of alternative healthcare solutions.

Ian Mattioli
Chair

Chief Executive Officer's Review

Operational Review

We are pleased to report on our continued progress throughout 2023 as we establish ourselves as an end-to-end leading provider of digital health services and specialised medicines. As a Group, we are executing against our strategic plan, leveraging our pharmacy network to expand the reach of our digital health services, and expanding our medicinal cannabis product portfolio. This is delivering steady financial progress, with revenues up 48% to £0.89m (FY22: £0.60m), and operating losses increasing to £7.9m (FY22: £6.8m), as a result of impairment of intangible assets and goodwill in the amount of £4.4m (FY22: nil).

The Group's operations are now focused on two core divisions: digital health services and specialized medicines, including medicinal cannabis. Within our digital health services, individuals can access medicinal professionals through either video consultations or an online consultation platform designed to provide for the diagnosis of and treatment pathways for common conditions. Following these consultations, patients can conveniently collect their chosen treatment - which includes specialized medicines and, dependent on the condition, medicinal cannabis - from any pharmacy affiliated with our service. In terms of specialized medication, the Group has launched two new medicinal cannabis oil formulations in the period.

In 2023, we also announced the launch of Treat-It, a pioneering online pain clinic. The clinic provides individuals seeking relief from chronic pain conditions with direct access to healthcare professionals and specialized medicines, including medicinal cannabis products, through our seamless online consultation service. These professionals are equipped to prescribe specialized medicines, including medicinal cannabis products, as part of a specialized care plan. Through our specialized medicines division, we provide patients with access to innovative treatment pathways outside of those available through traditional healthcare providers.

In response to escalating pressures on healthcare services, a growing number of individuals are turning to private GP services. We believe a significant opportunity exists to harness our position as an end-to-end digital health services provider. Through strategic collaborations with our extensive pharmacy network, we are well-placed to deliver online consultancy services to a wider audience, affording individuals access to specialized consultations and care pathways without traditional waiting times.

Digital Health Services

In 2023, our primary focus within the digital health services division has been to fully leverage our existing GP Service network - both in terms of pharmacies and potential end-users. We also sought to expand the appeal of the service offering by introducing new products and services.

Our core service remains the provision of online video consultations with medicinal professionals. We have seen a continued increase in demand for our services, with the platform now delivering over 1,000 consultations per month.

The number of active pharmacies within our network now stands at 6,040 pharmacies. This extensive network ensures the convenient collection of prescriptions and medications for our patients. In H1 2023, we signed an agreement with the largest wholesaler of medications to UK pharmacies. This strategic move strengthens our distribution capabilities nationwide and ensures we are positioned to deliver a seamless, end-to-end service to our patients throughout the UK.

Alongside driving organic growth and demand for our services, we are also seeking to strengthen our B2B relationships. In November 2023, we announced a 12-month extension of a contract with a major UK retailer to provide video consultation and prescription services, and we continue to service several UK corporations that provide rapid access to medicinal professionals for their employees as part of a broader benefits package.

In March 2023, we were delighted to extend our online consultation service with the launch of our Treat-It platform, a dedicated online pain clinic, offering access to specialised medicines including medicinal cannabis. There are an estimated 8 million patients suffering from chronic pain in the UK. The Treat-It clinic - which is regulated by the Care and Quality Commission ("CQC") - aims to offer these individuals alternative treatment pathways and expedited access to medicinal professionals. As awareness of the availability of our platform grows, we are seeing increased traffic to our site, which is then converting to consultations.

Over the course of H2 2023, we successfully expanded the scope of our primary care offering. Patients now have the convenience of accessing specific treatments without needing a consultation with a doctor. Currently, this service is limited to a select number of treatments, including erectile dysfunction, cystitis, the morning-after pill, and travelers' diarrhea. Patients undergo an online assessment, which is then reviewed by a doctor. A prescription is promptly signed and dispatched within 48 hours if the patient meets the eligibility criteria. We continue to assess further indications that are suitable for these consultations and will launch these as and when appropriate.

On 28 March 2024, we announced the extension of our specialised Treat-It clinic, with the launch of our dedicated mental health clinic. The NHS has seen increasing demand for mental health treatment, which is currently outpacing its current resources, resulting in long waiting lists for patients and prolonged periods ahead of accessing treatment. This new clinic will function similarly to the existing Treat-It clinic for chronic pain management, providing accessible online solutions for specific conditions. Having made significant investments in IT infrastructure and personnel to facilitate this launch, our new clinic empowers patients to engage in online consultations with doctors. This process allows for a thorough assessment to determine the most effective course of treatment and medications.

Given the continued pressure on theUK's National Health Service, we anticipate a sustained demand for our independent services.

Specialised Medications

The Group's research and development ("R&D") team is actively expanding the portfolio with new products. In January 2023, we announced the launch of two new medicinal cannabis extract formulations for pain management, one for night use and the other for daytime, specifically designed for inhalation. These cater to patients with chronic, severe pain and have been designed for inhalation. These cater to patients with chronic, severe pain and have been developed for delivery via exact dosing using the Group's VapePod MD delivery device. The VapePod is Kanabo's medical-grade vaporiser and ensures patients can rely on the secure, consistent, and measured dosing of medicinal cannabis extracts.

In 2020, the Group initiated the CE Mark certification process for its VapePod device. In the second half of 2023, the device made further progress towards achieving the CE Mark. Following the update in the September 2023 Half Year Results, we believe the process remains on track, and we will promptly update shareholders on any further developments. Upon obtaining CE Mark accreditation, we will explore opportunities to partner with a distributor to expand into select European markets. We believe that with approval, the VapePod will have a strong market advantage due to its design.

In November 2023, we announced a strategic partnership with BRITISH CANNABIS, allowing Kanabo to offer pharmacy-grade CBD health supplements from the CBD by BRITISH CANNABIS range. This collaboration extends the availability of these supplements through prescriptions provided by our Treat-It online pain clinic. Additionally, Treat-It will be included as part of BRITISH CANNABIS Canndr app, an online platform which allows patients to choose and evaluate high-quality cannabis medicines available on the market.

Kanabo Agritec ("Agritec")

In July 2023, Agritec - a consultancy focused on designing, building, operating, and managing medicinal cannabis facilities - announced its first contract win. Under the agreement, Agritec will be working with its Spanish partner, Taima Growth S.L ("Taima"), to establish a cannabis cultivation centre. Payment will be received upon the successful achievement of specific milestones in the project. Kanabo holds a 40% stake in Agritec.

The contract with Taima is for the development of an indoor medicinal cannabis cultivation and processing facility in Madrid, Spain. The contract - split over two phases - will see the facility granted a licence for the production and manufacturing of cannabis. Upon completion, the facility is anticipated to have the capacity to yield up to 3,000kg of cannabis flowers annually.

Through our involvement with Agritec, Kanabo is not only able to leverage its extensive knowledge and experience in establishing and optimising medicinal cannabis facilities, but it also ensures that the Group has a diversified supply chain through key offtake agreements.

Subsequent to the reporting period, we are pleased to announce the receipt of the first milestone payment of approximately €266,000, representing 50% of the payments of Phase 1. We continue to work with Taima to complete Phase 1 of the project, at which point, the Spanish Agency of Medicines and Medical ("AEMPS") devices will inspect the facility. Subject to successfully passing the inspection, AEMPS will grant a licence for the production and manufacturing of cannabis and its products. With our support, Taima will then move on to the delivery of Phase 2, which - once concluded - will result in the facility being fully operational.

Directorate & Personnel Changes

In the first half of the year, we saw a number of changes to the Board, most notably the appointment of Ian Mattioli as Chair. Mr Mattioli brings significant experience to the role, having co-founded a leading UK pensions and wealth management consultancy, where he currently serves as CEO. The continued guidance of Mr David Tsur's experience, who assumed the role of Deputy Chair upon Mr Mattioli's appointment, further strengthens our leadership team. Additionally, we welcomed Mr Sharon Malka to the Board in May 2023. With a professional background rooted in healthcare and technology companies, Mr Malka's expertise promises to be instrumental as Kanabo advances into its next phase of growth.

Over the course of 2023, Dan Poulter and Gil Efron both stepped down from the Board. We continue to send our best wishes to Gil on his recovery and wish Dan all the best with his existing work commitments. We sincerely thank them for their valuable contributions during their tenure with Kanabo and wish them continued success in their future endeavors.

In the second half of the year, we successfully negotiated an agreement with the lessors of our Company offices in Israel to conclude the lease term early. Consequently, we closed the Israeli office on 31 December 2023. This strategic move, along with the previously communicated transition of a number of key roles from Israel to the UK, is anticipated to yield annualised savings of £250k. Along with reducing the cost base, the closure of the office in Israel significantly streamlines the operating structure of the business and drives increased efficiencies.

Corporate activity

In the first half of the year, we successfully closed a £2.74 million fundraising, which both new and existing investors strongly supported. Our senior team also participated in the fundraising, with Avihu Tamir (CEO), Ian Mattioli (Chair), David Tsur (Deputy Chair), and Suleman Sacranie with Avihu Tamir (CEO), Ian Mattioli (Chair), David Tsur (Deputy Chair), and Suleman Sacranie (CTO and Founder of The GP Service) also participating.

The fundraising proceeds are being used to support the business and seize opportunities in the digital health sector. We have invested significantly in the IT infrastructure, supporting The GP Service platform, and allowing expansion into areas like mental health. Additionally, internal resources have been enhanced to ensure the necessary expertise for regulatory and care aspects in delivering these services.

In March 2023, the Company received notice that 11157353 Canada Corp., which trades under the name Materia ("Materia"), had been put into receivership. Kanabo had entered a strategic partnership with Materia in respect of their Maltese EU GMP certified facility, German medicinal cannabis wholesalers and a UK CMD eCommerce platform. Following the liquidation of Materia, Kanabo initiated legal action to recoup outstanding payments, and was awarded £82k.

R&D/Investment

Investment in our R&D continued during 2023, ensuring we retained our reputation as a pioneer in the development of medicinal cannabis medications. We also strengthened our IT infrastructure to ensure it has sufficient bandwidth to support the Group as it continues to attract increased numbers of consultations and to expand into additional medicinal verticals.

We recognise that maintaining our technology and products is essential to delivering our broader plan of becoming a leading digital health services provider with access to specialised medicines. As a result, we remain committed to providing ongoing support and investment in our R&D teams to support this objective.

Post period end

Post period end, we announced a partnership with City Dock Pharmacy in Wapping,London, to launch a walk-in pain clinic. The clinic offers both appointment-based and walk-in services. Patients can use the Treat-It platform to access medicinal consultations and pharmacists are on hand to assist patients in navigating the treatment options. The partnership will support the delivery of personalised treatment plans to patients suffering from chronic pain, who often face difficulty accessing medicinal treatments.

Since launch, I am pleased to report that the clinic has performed ahead of our internal expectations. We are currently in discussions with several other pharmacies to replicate this model across other sites in the UK.

We have also launched medicinal cannabis cards for eligible patients at our Treat-It clinic, providing them with easy access to their prescriptions via QR code. We believe that in the context of complex legislation regarding medicinal cannabis, this will reduce stress and inconvenience for patients by affirming their legal right to their prescribed medication and may help de-stigmatise medicinal cannabis use.

Summary and Outlook

We have spent 2023 ensuring our business has the foundations upon which to build a leading digital health services company. The formulation and launch of medicinal cannabis products also remain the bedrock of the Group, enabling us to deliver unique formulations to both the medicinal and wellness markets.
Reflecting on our objectives set six months ago (*half-year reports in September 2023*), we can showcase concrete achievements on three of our main objectives:

1. **Partnerships with High Street Pharmacies**: Our pilot program with City Pharmacy in Wapping has shown promising results, affirming our strategy to integrate in-pharmacy consultations and broaden our reach now, allowing prescriptions for certain indications without needing a video consultation through our platform.

2. **Secondary Care Platform Development**: We have expanded our services to the mental health sector, addressing the high demand for such care in the UK. Building upon our existing platform, Treat-It, we have successfully launched a mental health service that accommodates patients suffering from conditions like anxiety, post-traumatic stress disorder ("PTSD"), insomnia, and more. This initiative broadens our clinic's target market, allowing us to extend our specialised care to a wider audience needing our support.

3. **EU Product Expansion**: As we await CE mark approval for our VapePod MD medicinal inhaler device, we have already taken key steps towards extending our distribution network beyond the UK, targeting broader European expansion. We have signed a

Memorandum of Understanding with a pharmaceutical wholesale distributor to distribute the Kanabo medicinal device in Germany. Additionally, we are in the process of finalising definitive distribution agreements.

Future milestones for 2024:

Looking forward, we continue to progress towards the fourth objective laid out in the Half-Year Report in 2023:

1. **Primary Care Platform expansion**: Over the past six months, we have been developing a 'smart' IT solution to create a streamlined triage process for medicinal consultations on our platform. We aim to pilot this innovative approach by the end of Q2 2024, with the goal to transition 70% of existing online GP consultations to this more efficient method, laying the groundwork for scaling our consultation services.

We also plan to build on these achievements with the following future milestones, which will shape our efforts in the next half-year of 2024:

2. **In-Pharmacy Clinic Franchise Expansion**: Following our successful in-pharmacy pilot, we are set to enhance our in-pharmacy clinic franchise, aiming to extend out network to over 10 pharmacies by year-end. This expansion aims to leverage existing pharmacy networks to increase Kanabo's market reach and accessibility significantly.

3. **German Market Distribution Launch**: As we anticipate imminent receipt of the CE Mark approval, we are gearing up to launch and expand our distribution across Germany. Our objective is to onboard several key distributors, positioning Kanabo as the leading medicinal cannabis vape brand in Germany.

4. **Treat-It Platform expansion**: Capitalising on our NHS-approved online consultation platform, we are launching a software as a service ("SaaS") Solution that enables other providers to utilise the Treat-It platform. This strategic move leverages our proven technology to expand service capabilities beyond our direct offerings.

We anticipate the pressure on the UK's National Health Service will continue unabated, resulting in sustained demand for independent services providing access to medicinal professionals. We also believe as awareness of the benefits of specialised medicines, including medicinal cannabis, grows, particularly for chronic conditions such as pain management, we will see increased demand across our online clinics.

The Kanabo Board is confident in our ability to build a scalable business that meets our sector's demand and to seize growth opportunities. We appreciate the ongoing support from shareholders and look forward to keeping them updated on our progress.

Avihu Tamir
Chief Executive Officer

Consolidated Statement of Profit or Loss

For the year ended 31 December		**2023**	**2022**
	Note	**£ 000**	**£ 000**
Revenue	7	895	603
Cost of sales	8	(761)	(404)
Gross profit		**134**	**199**
Research and development expenses	9	(312)	(597)
Sales and marketing expenses	10	(598)	(1,190)
General and administration expenses	11	(2,978)	(3,804)
Reversal of impairment	24	82	59
Impairment of intangible assets and goodwill		(4,448)	-
Other (expenses)/gains - including acquisition and listing costs	13	327	(1,448)
Operating loss		**(7,793)**	**(6,781)**
Net finance expenses	14	(202)	(89)
Loss before income tax expense		**(7,995)**	**(8,870)**
Income tax expense	15	-	-
Loss for the year		**(7,995)**	**(6,870)**
Attributable to:			
Equity holders of the parent		(7,987)	(6,867)

Non-controlling interests		(8)	(3)
		(7,995)	**(6,870)**
Loss (basic and diluted) per share from operations attributable to the equity owners			
Basic and diluted loss per share (pence per share)	16	**(1.49)**	**(1.65)**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Comprehensive Loss

For the year ended 31 December		**2023**	**2022**
	Note	**£ 000**	**£ 000**
Loss for the year		**(7,995)**	**(6,870)**
Other comprehensive income for the year			
Items that may be subsequently reclassified to the profit or loss:			
Foreign operations - foreign currency translation differences		117	21
Total items that may be reclassified to profit or loss		**117**	**21**
Total comprehensive loss		**(7,878)**	**(6,849)**
Attributable to:			
Equity holders of the parent		(7,870)	(6,846)
Non-controlling interests		(8)	(3)
		(7,878)	**(6,849)**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December		**2023**	**2022**
	Note	**£ 000**	**£ 000**
ASSETS			
Non-current assets			
Intangible assets and goodwill	17	4,726	10,044
Property, plant, and equipment	18	49	96
Right-of-use asset	31	-	282
Long-term deposit	31	-	31
		4,775	**10,453**
Current assets			
Inventories	21	56	81
Trade receivables	22	20	43
Other receivables	23	290	156
Financial asset through profit or loss	20	-	491
Short-term deposits	26	1,529	24
Cash and cash equivalents	26	1,681	3,204
		3,576	**3,999**
Total assets		**8,351**	**14,452**
EQUITY AND LIABILITIES			
Equity			
Issued capital	27	15,811	10,573
Share premium account	27	7,251	6,850
Merger reserve	27	17,495	11,393
Share-based payments reserve	28	925	1,715
Share to be issued reserve	6.a, 6.c	1,591	10,476
Reverse acquisition reserve		(14,968)	(14,968)
Foreign currency translation reserve		131	14
Accumulated loss		(20,723)	(13,605)
Equity attributable to equity holders of the parent		**7,513**	**12,448**
Non-controlling interests		(11)	(3)
Total equity		**7,502**	**12,445**
Non-current liabilities			
Interest-bearing loans and borrowings	29	139	509
		139	**509**
Current liabilities			
Trade payables		163	153
Other payables	30	414	1,147
Interest-bearing loans and borrowings	29	133	198
		710	1,497
Total liabilities		**849**	**2,007**

Total equity and liabilities		8,351	14,452

The notes to the financial statements form an integral part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 30 April 2024 and were signed on their behalf by:
Ian Mattioli
Chair

Company's Statement of Financial Position

As at 31 December		2023	2022
	Note	£ 000	£ 000
ASSETS			
Non-current assets			
Property, plant, and equipment	18	14	17
Investments in subsidiary	19	9,247	23,746
Intercompany receivables	25	2,435	1,097
		11,696	**24,860**
Current assets			
Inventories	21	56	81
Trade receivables	22	1	35
Other receivables	23	18	69
Intercompany receivables	25	515	3,192
Financial asset through profit or loss	20	-	491
Short-term deposits	26	1,001	-
Cash and cash equivalents	26	1,137	937
		2,728	**4,805**
Total assets		**14,424**	**29,665**
EQUITY AND LIABILITIES			
Equity			
Issued capital	27	15,811	10,573
Share premium account	27	7,251	6,850
Merger reserve	27	17,495	11,393
Share-based payments reserve	28	925	1,715
Share to be issued reserve	6.a, 6.c	1,591	10,476
Accumulated loss		(28,928)	(12,326)
Total equity		**14,145**	**28,681**
Current liabilities			
Trade payables		9	79
Other payables	30	270	905
		279	984
Total liabilities		**279**	**984**
Total equity and liabilities		**14,424**	**29,665**

The notes to the financial statements form an integral part of these financial statements.

As permitted by section 408 of the Companies Act 2006, the parent company's income statement has not been included in these financial statements. The loss for the parent Company was £17,471 thousand (2022: loss of £5,976 thousand).
The financial statements were approved and authorised for issue by the Board of Directors on 30 April 2024 and were signed on their behalf by:

Ian Mattioli
Chair
Company Registration No. 10485105

Consolidated Statement of Changes in Equity

		Attributable to owners of the Company							
		Share capital	**Share premium account**	**Merger reserve**	**Share-based payments reserve**	**Shares to be issued reserve**	**Reverse acquisition reserve**	**Foreign currency translation reserve**	**Accumulat loss**
	Note	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
As at 1 January 2022		**9,249**	**5,169**	**9,231**	**758**	**2,500**	**(14,968)**	**(7)**	**(6,748)**
Loss for the year		-	-	-	-	-	-	-	(6,867)
Other comprehensive loss		-	-	-	-	-	-	21	-
Total		**-**	**-**	**-**	**-**	**-**	**-**	**21**	**(6,867)**

comprehensive loss									
Acquisition of a subsidiary	6.c	533	-	2,162	-	7,976	-	-	-
Issue of share capital	27	703	1,434	-	-	-	-	-	-
Exercise of options	28	7	5	-	(10)	-	-	-	10
Exercise of warrants	28	81	242	-	-	-	-	-	-
Share-based payments	28	-	-	-	967	-	-	-	-
As at 31 December 2022		**10,573**	**6,850**	**11,393**	**1,715**	**10,476**	**(14,968)**	**14**	**(13,605)**
Loss for the year		-	-	-	-	-	-	-	(7,987)
Other comprehensive income		-	-	-	-	-	-	117	-
Total comprehensive loss		**-**	**-**	**-**	**-**	**-**	**-**	**117**	**(7,987)**
Issue of share capital	27	2,378	281	-	-	-	-	-	-
Acquisition of a subsidiary	6.c	2,783	-	6,102	-	(8,885)	-	-	-
Debts settlements	27.a (c)	77	120	-	-	-	-	-	-
Options expiration	28	-	-	-	(869)	-	-	-	869
Share-based payments	28	-	-	-	79	-	-	-	-
As at 31 December 2023		**15,811**	**7,251**	**17,495**	**925**	**1,591**	**(14,968)**	**131**	**(20723)**

The notes to the financial statements form an integral part of these financial statements.

Company's Statement of Changes in Equity

		Share capital	**Share premium account**	**Merger reserve**	**Shares based payments reserve**	**Shares to be issued reserve**	**Accumulated loss**	**Total equity**
	Note	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
As at 1 January 2022		**9,249**	**5,169**	**9,231**	**750**	**2,500**	**(6,360)**	**20,53**
Total comprehensive loss		-	-	-	-	-	(5,976)	(5,976
Acquisition of a subsidiary	6.a	533	2,162	2,162	-	7,976	-	10,671
Issue of share capital	27	703	1,434	-	-	-	-	2,137
Exercise of options	28	7	5	-	(10)	-	10	12
Exercise of warrants	28	81	242	-	-	-	-	323
Share-based payments	28	-	-	-	975	-	-	975
As at 31 December 2022		**10,573**	**6,850**	**11,393**	**1,715**	**10,476**	**(12,326)**	**28,68**
Total comprehensive loss		-	-	-	-	-	(17,471)	(17,47
Issue of share capital	27	2,378	281	-	-	-	-	2,659
Acquisition of a subsidiary	6.a,6.c	2,783	-	6,102	-	(8,885)	-	-
Debts settlements	27.a (c)	77	120	-	-	-	-	197
Options	28			-				

expiration		-	-		(869)	-	869	-
Share-based payments	28	-	-	-	79	-	-	79
As at 31 December 2023		**15,811**	**7,251**	**17,495**	**925**	**1,591**	**(28,928)**	**14,14**

The notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December		2023	2022
	Note	**£ 000**	**£ 000**
Operating activities			
Loss before tax		(7,995)	(6,870)
Adjustments to reconcile profit before tax to net cash flows:			
Reversal of impairment	24	(82)	(59)
Share-based payment expense	28	79	967
Depreciation of property, plant and equipment, and right-of-use assets	18,31	74	69
Amortisation of intangible assets and impairment of goodwill	17	1,378	976
Impairment charge on receivables	22	-	3
Loss on current financial asset	13,20	158	259
Impairment of intangible assets and goodwill		4,448	-
Net finance expenses		31	56
Loss from sale of property, plant and equipment	18	41	-
Other gain	31	(20)	-
Working capital changes:			
Change in trade receivables		23	(3)
Change in other receivables		(103)	155
Change in inventories		25	(18)
Change in trade payables		10	92
Change in other payables		(536)	677
Change in long-term deposit		-	(31)
		(2,469)	(3,727)
Interest paid	36	(51)	(52)
Net cash flows used in operating activities		**(2,520)**	**(3,779)**
Investing activities			
Purchase of property, plant, and equipment	18	(25)	(68)
Proceeds from sale of property, plant and equipment	18	5	-
Proceeds from sale the of financial asset	20	333	-
Acquisition of a subsidiary, net of cash acquired	6	-	235
Investment in short-term deposits		(1,500)	(5)
Development expenditures	17	(508)	(85)
Net cash flows from/ (used in) investing activities		**(1,695)**	**77**
Financing activities			
Share issue net of issuing cost	27	2,740	2,250
Share issuing cost		(81)	(113)
Proceeds from the exercise of warrants	27	-	323
Proceeds from the exercise of share options	27	-	12
Receipts of long-term loans	29	82	68
Repayment of lease liability	36	(43)	(37)
Repayment of borrowings	36	(133)	(100)
Net cash flows from financing activities		**2,565**	**2,403**
Net decrease in cash and cash equivalents		(1,650)	(1,299)
Net foreign exchange difference		127	26
Cash and cash equivalents at 1 January		3,204	4,477
Cash and cash equivalents at 31 December	26	**1,681**	**3,204**

The notes to the financial statements form an integral part of these financial statements.

Company's Statement of Cash Flows

For the year ended 31 December		2023	2022
	Note	**£ 000**	**£ 000**
Operating activities			
Loss before tax		(17,471)	(5,976)
Adjustments to reconcile profit before tax to net cash flows:			
Reversal losses on financial assets	24	(82)	(59)
Share-based payment expense		63	205
Depreciation of property, plant, and equipment	18	4	4
Net impairment losses on financial asset		1,991	-
Impairment charge on receivables	22	-	3

Loss on current financial asset	13,20	158	259
Impairment of investment in subsidiaries		12,907	-
Net finance (expenses) income		(1)	54
Share of loss of subsidiaries	19	1,608	2,371
Working capital changes:			
Change in trade receivables		34	(28)
Change in other receivables		51	141
Change in inventories		25	(18)
Change in trade payables		(70)	55
Change in other payables		(438)	756
Change in intercompany receivables		(652)	(3,509)
Net cash flows used in operating activities		**(1,872)**	**(5,742)**
Investing activities			
Purchase of property, plant, and equipment	18	(1)	-
Proceeds from the sale of financial asset	20	333	-
Investment in short-term deposit		(1,000)	-
Net cash flows used in investing activities		**(668)**	**-**
Financing activities			
Share issue net of issuing cost	27	2,659	2,137
Proceeds from the exercise of warrants	27	-	323
Proceeds from the exercise of share options	27	-	12
Receipts of short-term loans		82	59
Net cash flows from financing activities		**2,741**	**2,531**
Net increase (decrease) in cash and cash equivalents		200	(3,211)
Cash and cash equivalents at 1 January		937	4,148
Cash and cash equivalents at 31 December	26	**1,137**	**937**

The notes to the financial statements form an integral part of these financial statements.

Notes to the Financial Statements

1. Corporate information

The consolidated financial statements of Kanabo Group Plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 30 April 2024.

Kanabo Group Plc (the Company or the parent) is a limited company incorporated and domiciled in England and whose shares are publicly traded on the London Stock Exchange in the standard segment. The registered office is located at Churchill House, 137-139 Brent Street, London, NW4 4DJ, United Kingdom.

The Group's principal activities are digital health committed to transforming patient care through its innovative technology platform and specialised treatment offerings. The Group has been focused on researching, developing, and commercialising regulated medicinal cannabis-derived formulations and therapeutic inhalation devices.

2. Material accounting policy information

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards as adopted in theUnited Kingdom (UK adopted IFRS) and those parts of the Companies Act 2006 applicable to companies reporting IFRS, except as otherwise stated.

The consolidated financial statements are prepared under the historical cost convention with the exception of certain investments which are carried at fair value such as financial assets measured at fair value.

The consolidated financial statements are presented in GBP (£), which is the functional currency of the company, and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Going concern

The preparation of the financial statements requires an assessment on the validity of the going concern assumption.

The Directors are required to satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis, and as part of that process they have followed the Financial Reporting Council's guidelines ("Guidance on the Going concern Basis of Accounting and Reporting on Solvency and Liquidity Risk" issued April 2016).

As at 31 December 2023, the Group's cash position was £3,210 thousand and it was in a strong net current asset position. Based on the above and the Group's current cash reserves and detailed cash forecasts produced, the Directors are confident that the Group will be able to meet its obligations as they fall due over the course of the next 12 months. The Group is planning to run new income streams and / or raise further funds in the next 12 months. The Directors are confident that the Group would be able to meet it's obligations as they fall due, due to the low level of committed expenditure relative to the forecasted discretionary expenditure, which could be reduced or deferred. Although, the Board acknowledges that there is a material uncertainty related to the timing of the new income streams and further fund raise, which could give rise to significant doubt over the Group's ability to continue as a going concern, the Board is satisfied the Group will have sufficient funds either from forecasted operations or through additional fundraising to meet its own working capital requirements up to, and beyond, twelve months from the approval of these accounts.

2.4 Estimates and assumptions

Significant accounting estimations

The Group's consolidated financial statements include the use of estimates and assumptions. The significant accounting estimates with a significant risk of material change to the carrying value of assets and liabilities within the next year in terms of IAS 1 are:

- Depreciation of PPE and amortisation of intangible assets

  The directors are required to review the estimated usefulness of PPE and amortisation periods of intangible assets. Were useful lives and amortisation periods to be shorter, or were there impairments of PPE or intangible assets, this would cause an acceleration in depreciation and amortisation charges in future periods. See note 17 for further information.

Other areas of judgment and accounting estimates

While these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgments, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties. The other areas of judgment and accounting estimates are:

- Share-based payments

  In respect to service conditions, the company is required to assess how many share options will eventually vest. As this estimation changes over time this may require a re-estimation of share-based payment charges reflected in profit or loss. The cumulative charge will reflect the amount of share options that ultimately vest. See note 28 for more details including the company's approach to valuing share options and the inputs to the valuation model.

- Impairments of financial and non-financial assets

  See disclosures in note 2.5.o.

2.5 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group concludes that it has acquired a business when it obtains a collection of activities and assets, comprising an input and a substantive process, which collectively play a significant role in the ability to generate outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs and the inputs acquired include an organised workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration is classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments and is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is more than the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Reverse takeover accounting

On 16 February 2021, the Company acquired Kanabo Research Ltd via a reverse takeover which resulted in the Company becoming the ultimate holding company of the Group. The transaction was accounted for as a reverse acquisition since it did not meet the definition of a business combination under IFRS 3. In accordance with IFRS 2, a share-based payment expense equal to the deemed cost of the acquisition less the fair value of the net assets of the Company at acquisition was recognised.

When considering how the acquisition of Kanabo Research Ltd via a reverse takeover should be accounted for, the Directors have been required to make a judgment on whether the acquisition falls within the scope of IFRS 3 or not. The Directors assessed the accounting acquiree, Kanabo Group Plc, at the time of acquisition to not be a business as defined by IFRS 3. As a result, the acquisition was assessed as falling outside the scope of IFRS 3. See note 6.c.

c) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Fair value measurement

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.

Fair value measurement assumes that the transaction will take place in the asset's or the liability's principal market or, in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

Fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorised into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable directly or indirectly.
- Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

On 21 February 2022, the Company acquired 100% of the voting rights of GP Service (UK) Limited ("GPS") a non-listed company based in theUK. The acquisition price was determine based on the closing bid prices which are level 2 fair value measurements.

e) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

In determining the amount of revenue from contracts with customers, the Company evaluates whether it is a principal or an agent in the arrangement. The Company is a principal when the Company controls the promised goods or services before transferring them to the customer. In these circumstances, the Company recognises revenue for the gross amount of the consideration. When the Company is an agent, it recognises revenue for the net amount of the consideration, after deducting the amount due to the principal.

Revenue from the sale of goods:

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from selling agreements is recognised when the revenue recognition criteria have been met and only to the extent the consideration is not contingent upon other deliverables in the agreements.

Revenue from consultations:

The Group is providing online medicinal services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a service to a customer. Revenue is recognised at a point in time (i.e. upon receipt of the customer of the equipment) because this is when the customer benefits from the Group's consultation services.

Disaggregation of revenues:

	2023	**2022**
	£ 000	**£ 000**
External revenues by product line		
Primary care	828	505
Secondary care	67	98
Total	**895**	**603**

	2023	**2022**
	£ 000	**£ 000**
External revenues by timing of revenue		
Services transferred at point of time	828	505
Goods transferred at point of time	67	98
Net asset	**895**	**603**

f) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants for non-monetary assets, the asset and the grants are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

g) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates (England's statutory income tax rate of 23.5% and Israel: 23%) and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised in full using the balance sheet liability method on temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emissions.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, is recognised subsequently, if new information about facts and circumstances changes. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

h) Foreign currencies

The Group's consolidated financial statements are presented in British Pound (£). For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising from the translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on the initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmandatory asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into British Pound (£) at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions or average for the required period. The exchange differences arising in translation for consolidation are recognised in OCI and recognised in a separate reserve - foreign currency translation reserve. On disposal of a foreign operation, the component of OCI relating to that foreign operation is reclassified to profit or loss.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(iii) Financial Risk Management Objectives and Policies

The Company does not enter any forward exchange rate contracts.
The main financial risks arising from the Company's activities are market risk, interest rate risk, foreign exchange risk, credit risk, liquidity risk and capital risk management. Further details on the risk disclosures can be found in note 32.

i) Property, plant, and equipment

Property, plant, and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses.

Where material, the cost of an item of property, plant and equipment comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which the item is located.

Depreciation is estimated to write off the cost of assets to their residual value on straight-line basis over the estimated useful lives of the assets as follows:

	%
Leasehold improvements	15%
Equipment and furnishing	15%
Computers and electronic equipment	15%-33%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The directors perform at least an annual review of the residual values and useful lives of property, plant and equipment, and any such changes in estimates are dealt with prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss.

j) Leases

The Group assesses at contract inception whether a contract is or contains a lease. That is if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Group as a lessee applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Group recognises the lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.
Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans and borrowings.

k) Financial assets at fair value through profit and loss

Financial assets are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Financial assets are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is recognised in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

m) Financial Assets

Classification

The Group classifies its financial assets in the following categories: at amortised cost (including trade receivables and other financial assets at amortised cost), fair value through other comprehensive income or fair value through profit or loss. The classification depends on the financial asset's contractual cash flow characteristics and the business model for managing them. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost

(i) Classification of financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are initially measured at a fair value and subsequently measured using the effective interest rate method less impairment.

(ii) Impairment of financial assets measured at amortised cost

The Group always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.
For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

There is no definition of default at present. This will be reassessed as and when repayments are due in respect of financial assets at amortised cost held.

n) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

o) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on the most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than it is carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The Group assesses whether climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts.

Depreciation of PPE and amortisation of intangible assets

Property, plant and equipment and intangible assets are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

The directors are required to review the estimated usefulness of PPE and amortisation periods of intangible assets. Were useful lives and amortisation periods shorter, or were there impairments of PPE or intangible assets, this would cause an acceleration in depreciation and amortisation charges in future periods. See note 17 for further information.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.
The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount.

Recoverability of the investment in subsidiaries (note 19)

As at 31 December 2023, the carrying value of the Company's investments in Kanabo Research Ltd and the GP Service (UK) Limited was £9,247 thousand (2022: £23,746 thousand). The recoverable value of these investments is considered to be less than it is carrying value as at 31 December 2023 and therefore an impairment of £12,907 thousand has been recognised. The Directors have made this assessment through reviewing forecasts, other available financial information available and developments during the year and since the year-end. The key inputs within the forecast include revenue growth, gross profit margins and overheads.

Recoverability of amounts due from the subsidiary (note 25)

By 31 December 2023, the parent Company had an ongoing operational balance of £2,506 thousand to Kanabo Research Ltd (2022: £2,686 thousand). The Directors don't expect this balance to be fully recoverable and have thus recognised a credit loss charges of £1,991 thousand. They made this assessment through reviewing forecasts, other financial information available and developments during the year and since the year-end. The Board assesses the loan on an individual basis to examine impairment.

By 31 December 2023 the parent Company had advanced £2,435 thousand (including interest) (2022: £1,097 thousand) as a loan to GPS. The Directors expect this balance to be fully recoverable and have thus not recognised any IFRS 9 expected credit loss charges. They made this assessment through reviewing forecasts, other financial information available and developments during the year and since the year-end. The Board assesses the loan on an individual basis to examine impairment.

p) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprises cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less from inception, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

q) Provisions

A provision in accordance with IAS 37 is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense is recognised in the statement of profit or loss net of any reimbursement.

r) 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. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

s) Share-based payments

Employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

services as consideration for equity instruments (equity-settled transactions).

That cost is recognised in employee benefits expenses, together with a corresponding increase in equity (other capital reserves) over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The fair value is measured using the Black-Scholes model as the Directors view this as providing the most reliable measure of valuation. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The market price used in the model is the issue price of Company shares at the last placement of shares immediately preceding the calculation date. The fair value calculated is inherently subjective and uncertain due to the assumptions made and the limitations of the calculation used.

t) Equity

Equity instruments issued by the Company are recorded at the value of net proceeds after direct issue costs.

u) Shares to be issued

Obligations which are to be settled via the issue of the Company's shares at the year-end which meet the definition of equity per IAS 32 are classified as shares to be issued within equity and are held at fair value.

v) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Leave obligations are calculated by multiplying the average days of outstanding leave at the period end by the daily salary rate of the employee concerned. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

There are no other long-term employee benefit obligations.

Post-employment obligations

The Group operates one post-employment scheme: a defined contribution pension plan available to all employees. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Share-based payments

Share-based compensation benefits are provided to employees via the Group Employee Option Plan, an employee share scheme, the executive short term incentive scheme and share appreciation rights. Information relating to these schemes is set out in note 28.

Employee options

The fair value of options granted under the Group Employee Option Plan is recognised as an employee benefit expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the Company's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period).

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Employee Option Plan is accounted for as detailed in note 28. When the options are exercised, the appropriate number of shares is transferred to the employee. The proceeds received, net of any directly attributable transaction costs, are credited directly to equity.

Bonus plans

Where contractually obliged or where there is a past practice that has created a constructive obligation to give staff bonuses, the Group recognises a liability and an expense for bonuses based on a formula that takes into consideration certain financial and operational objectives.

w) Cost of investment in subsidiary

In accordance with IAS 27 Separate Financial Statements the Parent Company has elected to apply the equity method in accounting for the cost of investment in its subsidiaries.

Such investments are initially recognised at cost. Subsequently they are accounted for using the equity method, where the Parent Company's share of post-acquisition profits and losses and other comprehensive income is recognised in profit or loss or other comprehensive income respectively (except for losses in excess of the Parent Company's investment in the subsidiary unless there is an obligation to make good those losses).

Where equity share-based payments are granted to employees of such subsidiary undertakings the cumulative charge is added to the cost of investment.

3. Segment information

Following the acquisition of The GP Service (UK) Limited ("GPS"), for management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

- Primary Care - Tele pharma services provided by GPS.
- Secondary Care - Development and distribution of cannabis derived medicinal and wellness products.

No operating segments have been aggregated to form the above reportable operating segments.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately to make decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs, finance income, and other income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arms-length basis like transactions with third parties.

Year ended 31 December 2023:

	Primary care	**Secondary care**	**Total segments**	**Adjustments and eliminations**	**Consolidated**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Revenue					
External customers	828	67	897	-	895
Inter-segment	-	-	-	-	-
Total revenue	**828**	**67**	**897**	**-**	**895**
Expenses					
Cost of sales	(668)	(93)	(761)	-	(761)
Depreciation and amortisation	(1,382)	(70(	(1,452)	-	(1,452)
I**mpairment of goodwill and intangible assets**	(4,448)	-	(4,448)	-	(4,448)
Segment loss	**(6,570)**	**(1,425)**	**(7,995)**	**-**	**(7,995)**
Total assets	**5,347**	**1,152**	**8,351**	**-**	**8,351**
Total liabilities	**528**	**321**	**849**	**-**	**849**

Year ended 31 December 2022:

	Primary care	**Secondary care**	**Total segments**	**Adjustments and eliminations**	**Consolidated**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**

Revenue					
External customers	505	98	603	-	603
Inter-segment	-	-	-	-	-
Total revenue	**505**	**98**	**603**	**-**	**603**
Expenses					
Cost of sales	(349)	(55)	(404)	-	(404)
Depreciation and amortisation	(980)	(64(	(1,045)	-	(1,045)
Segment loss	**(2,075)**	**(4,795)**	**(6,870)**	**-**	**(6,870)**
Total assets	**11,314**	**3,138**	**14,452**	**-**	**14,452**
Total liabilities	**609**	**1,398**	**2,007**	**-**	**2,007**

The Group's operation does not include any reconciling items.

<u>Geographical location:</u>

<u>At 31 December 2023:</u>

	Primary care	**Secondary care**	**Total segments**
	£ 000	**£ 000**	**£ 000**
Assets			
United Kingdom	5,347	375	7,574
Israel	-	777	777
Total assets	**5,347**	**1,152**	**8,351**
Liabilities			
United Kingdom	528	292	820
Israel	-	29	29
Total liabilities	**528**	**321**	**849**

<u>At 31 December 2022:</u>

	Primary care	**Secondary care**	**Total segments**
	£ 000	**£ 000**	**£ 000**
Assets			
United Kingdom	11,314	740	12,054
Israel	-	2,398	2,398
Total assets	**11,314**	**3,138**	**14,452**
Liabilities			
United Kingdom	609	987	1,596
Israel	-	411	411
Total liabilities	**609**	**1,398**	**2,007**

4. Capital management

For the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital structure and adjusts considering changes in economic conditions and the requirements of the financial covenants. The Group includes net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

	2023	**2022**
	£ 000	**£ 000**
Interest-bearing loans and borrowings (note 29)	133	198
Trade payables	577	153
Less: cash and short-term deposits	(3,210)	(3,228)
Net asset	**(2,500)**	**(1,730)**
Total equity	**7,502**	**12,445**
Gearing ratio	***-33%***	***-14%***

There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

5. Group information

The consolidated financial statements of the Group include:

The consolidated financial statements of the Group include:

			% equity interest		
Name	**Principal activities**	**Country of incorporation**	**2023**	**2022**	**Registered office**
Kanabo Research Ltd. (a)	R&D	Israel	100	100	(b)
Kanabo Agritec Ltd.	Consulting	Israel	40	40	(b)
The GP Service (UK) Limited	Telemedicine	UK	100	100	(c)
Kanabo GP Limited	Holding company	UK	100	100	(d)

(a) The Company holds 40% of the equity in Kanabo Agritec Ltd. but consolidates 100% of this entity. See note 6.b for details on interest held in Kanabo Agritec Ltd.
(b) 6 Malkei Yehuda Street, Herzliya, Israel.
(c) Coventry University Technology Park the Technocentre, CV1 2TT, Coventry, United Kingdom.
(d) Churchill House, 137-139 Brent Street, London, NW4 4DJ, United Kingdom.

6. Business combinations and acquisition of non-controlling interests

(a) Acquisition of The GP Service (UK) Limited

On 21 February 2022, the Company acquired 100% of the voting rights of GP Service (UK) Limited ("GPS"): a non-listed company based in theUK and specialising in care telemedicine providers in exchange for a net consideration of £13,499 thousand ("Net Consideration") with a fair value of £10,671 thousand. The Net Consideration was satisfied by the allotment of 94,133,645 B ordinary shares of £0.00001 each in the capital of Kanabo GP Limited, a subsidiary of Kanabo Group Plc, for £0.1265 per share ("Consideration Shares"). It has been agreed as part of the acquisition that the principal and interest owed as at completion by GPS to MEIF WM Debt LP (£1,591 thousand) will be repayable by the Company by the allotment of 12,574,931 ordinary shares within 18 months based on the same price of £0.1265 per share.

The Group's acquisition of the GPS will facilitate the rapid growth of its existing digital and telemedicine business and will establish a new and fully compliant channel to market the Group's products for medicinal patients. Through improved access to these products, the Group hopes to make a substantial contribution to improving outcomes for thousands of patients in the UK and Europe.

As of the signature date of the report, the total amount of 12,574,931 shares have not yet been issued and the contingent consideration has been included in the "shares to issued" reserve within equity.

The fair values of the identifiable assets and liabilities of GPS as at the date of acquisition were:

	Fair value recognised on acquisition
	£000
Assets	
Property, plant, and equipment	11
Intangible assets	116
Cash and cash equivalents	235
Trade receivables	33
Other receivables	74
	469
Liabilities	
Interest-bearing loan	(500)
Trade payables	(19)
Other payables	(97)
	(616)
Total identifiable net liabilities at fair value	**(147)**
Other intangible assets arising from the acquisition	6,763
Goodwill arising from the acquisition	4,055
The fair value of purchase consideration transferred	**10,671**

Other intangible assets arising on acquisition include the technology that was acquired through business combinations. The management assessed the lifetime of these assets for a minimum of 7 years and as a result recorded amortisation expenses for £962 thousand (2022: £891 thousand).

As agreed between the parties, the net liabilities recognised on the acquisition date were based on GPS results as of 31 January 2022: starting 1 February 2022 the results of GPS are being consolidated in the Group's financial statements.

The revenue of GPS and net loss for the period were £828 thousand (2022: £505 thousand) and £1,160 thousand (2022: 1,185 thousand) respectively.

(b) Investment in subsidiary

In March 2022, Kanabo Research Ltd ("KNR") (a wholly owned subsidiary of the Company) and a third-party partner formed an entity, Kanabo Agritec Ltd. ("Agritec"), to enter into agreements with third parties at minimal cost to leverage the Company's Intellectual Property for the cultivation, processing, and production of cannabis products. KNR holds 40% of the voting shares in this entity. The third party holds the remaining 60% of the voting shares. KNR committed to finance Agritec up to an amount equal to 75% of the principal amount requested by Agritec , the other Founders, together, will lend up to the remaining 25% of the principal amount in equal portions among them. As of the reporting period, KNR loaned Agritec a total amount of ILS 100 thousand (£24 thousand).

Under the contractual arrangement with the third-party partners, KNR has a majority representation on the entity's board of Directors and KNR's approval is required for all major operational decisions, KNR assessed that the voting rights in Agritec are not the dominant factor in deciding who controls the entity. Therefore, KNR concluded that Agritec is a structured entity under IFRS 10 Consolidated Financial Statements and that KNR controls it with non-controlling interests. Therefore, Agritec is consolidated in the Group's consolidated financial statements. The shares of the third-party partner are recorded under the equity as non-controlling interests and the return on investment is recorded as non-controlling interests under the profit and loss.

(c) Reverse acquisition

On 16 February 2021, the Company formerly known asSpinnaker Opportunities Plc acquired through a share-for-share exchange the entire share capital of Kanabo Research Ltd ("KNR"), whose principal activity is the provision of THC-Free retail CBD products and Vaporisation devices.

Although the transaction resulted in KNR becoming a wholly owned subsidiary of the Company, the transaction constituted a reverse acquisition, as the previous shareholders of KNR own a substantial majority of the Ordinary Shares of the Company, and the executive management of KNR became the executive management of Kanabo Group Plc.

In substance, the shareholders of KNR acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. As the Company's activities prior to the acquisition were purely the maintenance of the LSE Listing, acquiring KNR and raising equity finance to provide the required funding for the operation of the acquisition, it did not meet the definition of a business in accordance with IFRS 3.

Accordingly, this reverse acquisition does not constitute a business combination and was accounted for in accordance with IFRS 2 "Share-based Payments" and associated IFRIC guidance. Although the reverse acquisition is not a business combination, the Company has become a legal parent and is required to apply IFRS 10 and prepare consolidated financial statements. The Directors have prepared these financial statements using the reverse acquisition methodology, but with the result that rather than recognising goodwill, the difference between the equity value given up by KNR's shareholders and the share of the fair value of net assets gained by these shareholders is charged to the consolidated statement of comprehensive income as a share-based payment on the reverse acquisition and represents in substance the cost of acquiring an LSE listing.

On 16 February 2021, the Company issued 230,769,231 ordinary shares to acquire the 237,261 ordinary shares of KNR based on a share price of £0.065 (the price at which those shares were issued as part of the placing that day. The Company's investment in KNR is valued at £15,000 thousand prior to the consideration of contingent consideration and share-based payment charges for the year recognised in the subsidiary - see note 2.o for further commentary regarding this component of the carrying value of the investment in the subsidiary as at 31 December 2023.

On 16 November 2021, the Company achieved two of its deferred consideration of share milestones under the terms of the share purchase agreement. The achievement entitles the sellers to 38,461,492 deferred consideration shares with a total value of £2,500 thousand which increases the total investment to £17,500 thousand. As the Company met this obligation, during 2023, the Company issued the deferred consideration shares.

Because the legal subsidiary, KNR, was treated on consolidation as the accounting acquirer and the legal Parent Company, Kanabo Group Plc, was treated as the accounting subsidiary, the fair value of the shares deemed to have been issued by KNR was calculated at £1,911 thousand based on an assessment of the purchase consideration for a 100% holding of Kanabo Group Plc

According to IFRS 2, the value of the share-based payment is calculated as the difference between the deemed cost and the fair value of the net assets as at the acquisition date. During the period between 1 January 2021 to 16 February 2021, several shareholders exercised their warrants. The exercised warrants indicated that in the event the RTO acquisition would not be completed the funds would be returned to the shareholders. For that reason, it was decided that it would be more appropriate to use the Company's value of the net assets as of 1 January 2021.

	£ 000
Deemed cost	1,911
Trade and other receivables	434
Cash and cash equivalents	359
Trade and other payables	(54)
Total identifiable net liabilities at fair value	739
Total RTO expenses	**1,172**

The difference between the deemed cost (£1,911 thousand) and the fair value of the net assets assumed per above of £739 thousand resulted in £1,172 thousand being expensed within "reverse acquisition expenses" in accordance with IFRS 2, Share-Based Payments, reflecting the economic cost to KNR's shareholders of acquiring a quoted entity.

The reverse acquisition reserve which arose from the reverse takeover is made up as follows:

	£ 000
Pre-acquisition equity (a)	(739)
Kanabo Research Ltd share capital at acquisition (b)	2,099

Kanabo Research Ltd share capital at acquisition (b)	2,099
Investment in Kanabo Research Ltd (c)	(17,500)
Reverse acquisition expense (d)	1,172
Total	**(14,968)**

(a) Recognition of pre-acquisition equity of Kanabo Group Plc as at 1 January 2021.

(b) KNR had issued a share capital of £2,099 thousand. As these financial statements present the capital structure of the legal parent entity, the equity of KNR is eliminated.

(c) The value of the shares issued by the Company in exchange for the entire share capital of KNR; the entry is required to eliminate the balance sheet impact of this transaction.

(d) The shares to be issued to the vendors upon the meeting of two of the agreed milestones. As the Company met the agreed milestones, during 2023, the Company issued the deferred consideration shares.

7. Revenues

	2023	2022
	£ 000	**£ 000**
Services	828	505
Sale of products	67	98
Total	**895**	**603**

During 2023 and 2022 the revenues were generated only from the sale of products (sale of CBD and THC products) and services (primary care) and were made to customers in the United Kingdom.

All revenues were recognised at a point in time.

8. Cost of sales

	2023	2022
	£ 000	**£ 000**
Salaries and related expenses	563	317
Share-based payment expense	14	13
Cost of sales	136	48
IT Development and licenses	11	12
Impairment changes on receivables	-	3
Other including commissions	37	11
Total	**761**	**404**

9. Research and development expenses

	2023	2022
	£ 000	**£ 000**
Salaries and related expenses	258	293
Share-based payment expense	49	68
IT development and licenses	-	181
Rent and related expenses	4	39
Professional services	1	2
Other	-	14
Total	**312**	**597**

The GPS made capitalisation of development expenses which incurred during 2023 and 2022 as management has taken the view that probably the technology and products upon which the research and development expenditure is related will bring future economic benefits to the Group.

10. Sales and marketing expenses

	2023	2022
	£ 000	**£ 000**
Salaries and related expenses	332	403
Share-based payment expense (gain)	(40)	349
Subcontractors	3	60
Marketing expenses	303	364
Conferences	-	14
Total	**598**	**1,190**

11. General and administration expenses

	2023	2022
	£ 000	**£ 000**
Salaries and related expenses	505	778
Share-based payment expense	56	537
Insurance	101	82
Professional services	528	1,005
Rent and related expenses (*)	100	81
Depreciation	74	69
Amortisation (note 17)	1,378	976
IT Development and licenses	70	45

Travel and accommodation	90	128
Other	76	103
Total	**2,978**	**3,804**

(*) Rent and related expenses refer to expenses that are out of the scope of IFRS 16, see note 31.

12. Auditor's remuneration

During the reporting period, the Company incurred the following costs in respect of services provided by the current and previous auditor:

	2023	**2022**
	£ 000	**£ 000**
Fees payable to the Company's auditor for:		
- The audit of the parent company and consolidated financial statements	131	131
- Interim review of the Group for the six-month period ended 30 June 2023 and 30 June 2022 in accordance with ISRE 2410	8	8 (a)

(a) The services for interim review in 2022 were provided by Jeffreys Henry LLP.

13. Other operating income/expenses

	2023	**2022**
	£ 000	**£ 000**
Acquisition and listing costs	224	514
Provision (reverse provision) for agent fees (*)	(524)	675
Loss from sale of property, plant, and equipment	41	-
Other gain (note 31)	(20)	-
Accrued income from R&D refund	(206)	-
Loss on current financial asset (note 20)	158	259
Total	**(327)**	**1,448**

Other expenses comprise acquisition-related transaction costs which were expensed as incurred and included as other expenses (note 6.a) and expenses generated from the preparations of the Group's prospectus.

(*) On 23 May 2023, the Company signed a settlement agreement with one of its previous service providers. According to the agreement, the Company will issue 5,000,000 new ordinary shares in exchange for removing all mutual claims.
The shares will be issued for the provision of brokerage services in relation to the acquisition of The GP Service ("GPS"). 4LLC will receive their shares in two tranches, with 3,000,000 shares ("First Tranche") and the remaining 2,000,000 shares ("Second Tranche") within three months.
Of the First Tranche, 337,192 new ordinary shares ("4LLC Shares") were issued by the Company. The remaining 2,662,808 ordinary shares of the First Tranche will be transferred from the shares previously held by Mr. Atul Devani, Co-founder of GPS. Based on the compromise agreement signed with Mr. Devani, on his leaving the Company be returned 25% of the shares received as consideration for the acquisition of GPS. As such, in the settlement of the First Tranche, the Company issued only 337,192 new ordinary shares.
During August 2023, the shares agreed on the Second Tranche have been issued.

Following the settlement agreement, the company reversed the previously booked provision and, as a result, recorded income of £524 thousand booked under "Other operating expenses".

14. Net finance expenses (income)

	2023	**2022**
	£ 000	**£ 000**
Finance income		
Interest earned on bank deposits	(18)	-
	(18)	**-**
Finance costs		
Bank charges	23	15
Interest on interest-bearing loans	31	32
Interest on finance lease (note 31)	18	24
	72	**71**
Net foreign exchange losses	148	18
Net finance expenses recognised in profit or loss	**202**	**89**

15. Income tax

a. Analysis of charge in the year

Reconciliation of tax expense and the accounting profit multiplied by theUnited Kingdom's domestic tax rate for 2023 and 2022:

	2023	2022
	£ 000	**£ 000**
Accounting loss before income tax	(7,995)	(6,870)
At England's statutory income tax rate of 23.5% (2022: 19%)	(1,879)	(1,305)
Non-deductible expenses for tax purposes:		
Non-deductible expenses	(16)	(11)
Amortisation and impairment of intangible assets	1,107	169
Effect of higher tax rates inIsrael	9	(47)
Current year losses for which no deferred tax asset is recognised	779	1,194
Income tax benefits reported in the statement of profit or loss	**-**	**-**

b. Reconciliation of deferred tax liabilities, net

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
As at 1 January	-	-	-	-
Deferred taxes acquired in business combinations (note 6.a)	-	1,651	-	-
Deferred tax asset on losses recognised due to offset of liability under IAS 12	-	(1,651)	-	-
As at 31 December	**-**	**-**	**-**	**-**

The Group has accumulated tax losses of approximately £15,242 thousand (2022: £10,099 thousand) that are available, under current legislation, to be carried forward indefinitely against future profits.

A deferred tax asset has not been recognised in respect of these losses of the Company due to the uncertainty of future profits. The amount of the deferred tax asset not recognised is approximately £3,739 thousand (2022: £2,448 thousand).

16. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2023	2022
Loss attributable to ordinary equity holders of the parent (£000)	(7,987)	(6,867)
Weighted average number of ordinary shares for basic EPS	536,803,686	415,187,814
Basic and diluted loss per share (pence per share)	**(1.49)**	**(1.65)**

There is no difference between the basic and diluted earnings per share as a loss has been made in the year.

17. Intangible assets and goodwill

Group:

	Development costs	Intangible asset	Goodwill	Total
	£ 000	**£ 000**	**£ 000**	**£ 000**
Cost				
At 1 January 2022	**-**	**-**	**-**	**-**
Additions - internally developed	85	-	-	85
Acquisition of a subsidiary (note 6.a)	1,352	6,764	4,055	12,171
At 31 December 2022	**1,437**	**6,764**	**4,055**	**12,256**
Additions - internally developed	508	-	-	508
At 31 December 2023	**1,945**	**6,764**	**4,055**	**12,764**
Amortisation and impairment				
At 1 January 2022	**-**	**-**	**-**	**-**
Amortisation	85	891	-	976
Acquisition of a subsidiary (note 6.a)	1,236	-	-	1,236
At 31 December 2022	**1,321**	**891**	**-**	**2,212**
Amortisation	416	962	-	1,378
Impairment	-	393	4,055	4,448
At 31 December 2023	**1,737**	**2,246**	**4,055**	**3,590**
Net book value				

At 31 December 2022	*116*	*5,873*	*4,055*	*10,044*
At 31 December 2023	*208*	*4,518*	-	*4,726*

Acquisition during reporting period

Intangible assets arising on acquisition include the technology that was acquired through business combinations. The management assessed the lifetime of this asset for a minimum of seven (7) years and as a result recorded amortisation expenses of £962 thousand (2022: £891 thousand).

Impairment review disclosures

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment. The carrying amounts of goodwill by segment as at 31 December 2023 and 2022 are as follows:

	2023	**2022**
	£ 000	**£ 000**
	PFS	**PFS**
Goodwill	-	4,055

During the year, the acquired goodwill was tested for impairment in accordance with IAS 36 based on the relevant CGUs. Following the impairment tests, the Group recognised an impairment over the goodwill following the updated carrying values. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on current business plans. The key assumptions for the value-in-use calculations are those regarding revenue growth rates, discount rates and long-term growth rates over a period of five years from the Statement of Financial Position date and thereafter. Management determined revenue growth based on past performance and its expectations for market development. Discount rates were determined using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Terminal value is calculated as cash flows beyond the five-year period extrapolated using estimated long-term growth rates. Additionally, these value-in-use calculations were stress tested on a more prudent basis (assuming a mixture of 75% or 95% of revenue growth dependent upon the relevant CGU) and gave rise to no change in the carrying value of goodwill.

The revenue growth rate does not exceed the long-term average growth rate for the businesses in which the CGUs operate.

	2023	**2022**
	%	**%**
Post-tax discounted rates	16.7%	28.3%
Pre-tax discounted rates	22.1%	37.7%
Long-term growth rates	2%	2%

18. Property, plant and equipment

Group:

	Computers and electronic equipment	**Equipment and furnishing**	**Leasehold improvement**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Cost				
At 1 January 2022	**26**	**39**	**1**	**66**
Acquisition of subsidiary (note 6.a)	13	16	-	29
Additions	18	19	31	68
Exchange differences	-	(2)	(1)	(3)
At 31 December 2022	**57**	**72**	**31**	**160**
Additions	23	-	2	25
Disposals	(22)	(34)	(32)	(88)
Exchange differences	(4)	(1)	(1)	(6)
At 31 December 2023	**54**	**37**	**-**	**91**
Depreciation				
At 1 January 2022	**13**	**11**	**-**	**24**
Acquisition of subsidiary (note 6.a)	7	11	-	18
Depreciation charge for the year	11	7	4	22
At 31 December 2022	**31**	**29**	**4**	**64**
Depreciation charge for the year	11	7	5	23
Disposals	(17)	(15)	(9)	(41)
Exchange differences	(1)	(3)	-	(4)
At 31 December 2023	**24**	**18**	**-**	**42**
Net book value				
At 31 December 2022	*26*	*43*	*27*	*96*
At 31 December 2023	*30*	*19*	-	*49*

Company:

	Computers and	**Total**

	electronic equipment	
	£ 000	**£ 000**
Cost		
At 1 January 2022	23	23
Additions	-	-
At 31 December 2022	**23**	**23**
Additions	1	1
At 31 December 2023	**24**	**24**
Depreciation		
At 1 January 2022	2	2
Depreciation charge for the year	4	4
At 31 December 2022	**6**	**6**
Depreciation charge for the year	4	4
At 31 December 2023	**10**	**10**
Net book value		
At 31 December 2022	*17*	*17*
At 31 December 2023	*14*	*14*

19. Investment in subsidiaries

Company:

	2023	2022
	£ 000	**£ 000**
As at 1 January	23,746	14,676
Additions	16	11,441
Impairment of investment in subsidiaries	(12,907)	-
Equity results	(1,608)	(2,371)
As at 31 December	**9,247**	**23,746**

The GP Service (UK) Ltd.

On 21 February 2022, the Company acquired 100% of the voting rights of The GP Service (UK) Limited ("GPS"), a UK-based private company specialising in care telemedicine, via a share-for-share exchange. The carrying value of investment comprises £13,499 thousand in respect of share consideration (fair value of £10,671 thousand), of which £1,591 thousand remains unissued as at 31 December 2023.

During 2023, £234 thousand (2022: £122 thousand) was recognised in respect of share-based payment charges recognised in the subsidiary during the reporting period. As there is no agreement in place for GPS to reimburse the Company for share options issued to and exercised by employees of GPS, the share-based payment charged recognised in the subsidiary in the year is recognised as a capital contribution in the subsidiary and thus an investment to the Company.

The Company owns 100% of the share capital of GPS.

Kanabo Research Ltd.

On 16 February 2021, the Company acquired 100% of the voting rights of Kanabo Research Ltd ("KNG"), an Israeli-based private company operating the CBD industry, via a share-for-share exchange. The carrying value of investment comprises £17,500 thousand in respect of share consideration, of which £2,500 thousand were issued during 2023, see note 27.a.(d).

During 2023, £219 thousand gain (2022: £648 thousand expense) was recognised in respect of share-based payment charges recognised in the subsidiary during the reporting period. As there is no agreement in place for KNG to reimburse the Company for share options issued to and exercised by employees of KNG, the share-based payment charged recognised in the subsidiary in the year is recognised as a capital contribution in the subsidiary and thus an investment to the Company.

The Company owns 100% of the share capital of KNG.

An impairment of total £12,907 thousand (2022: nil) has been recognised in the year over the above two investments as the Directors do not believe the recoverable value of the investments to be above it their carrying value.

20. Financial asset through profit or loss

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
As at 1 January	491	750	491	750
Proceeds from the sale of financial asset	(333)	-	(333)	-
Loss on a financial asset at fair value through profit or loss (note 13)	(158)	(259)	(158)	(259)
As at 31 December	**-**	**491**	**-**	**491**
Current	-	*491*	-	*491*
Non-current	-	-	-	-

On 24 May 2021, the Company entered into an agreement to receive shares in

Hellenic Dynamics S.A ("HD") following a reverse takeover by HD of a listed company. HD is a company incorporated in Greece and is a medicinal cannabis cultivator who is in the process of securing admission to the London Stock Exchange through a Reverse Take Over ("RTO").
As part of the agreement, for consideration of £750 thousand the Company has acquired 5,000 shares in HD's parent company, Samos Investments Ltd, and will be entitled to receive shares in HD as part of HD's proposed listing on the London Stock Exchange. The number of HD shares that will be issued to the Company shall be calculated as £750 thousand divided by the RTO valuation share price less a 30% discount.
On 15 November 2022, the Financial Conduct Authority ("FCA") approved the prospectus issued by the UK SPAC in connection with its acquisition of Hellenic and the proposed re-admission of the UK SPAC (to be renamed Hellenic Dynamics Plc) to the Standard Listing segment of the Official List and trading on the London Stock Exchange's Main Market.

Following the RTO, the Company received 357,142,857 shares in Hellenic representing 2.9% of Hellenic share capital.

The fair value of the quoted notes is based on price quotations at the reporting date.

During 2023, the Company sold its investment for a total consideration of £333 thousand, and as a result, recorded a net loss of £158 thousand.

21. Inventories

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Finished goods	42	61	42	61
Raw materials	14	20	14	20
Total	**56**	**81**	**56**	**81**

During 2023, £32 thousand was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

22. Trade receivables

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Trade receivables	23	48	1	38
Allowance for expected credit losses	(3)	(5)	-	(3)
Total	**20**	**43**	**1**	**35**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

23. Other receivables

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Prepaid expenses	31	17	12	5
VAT recoverable	12	66	6	64
R&D grant receivables	206	64	-	-
Other tax receivables	10	9	-	-
Other	31	-	-	-
Total	**290**	**156**	**18**	**69**

24. Short term loan

Group and the Company:

			31 December	**31 December**
			2023	**2022**
	Interest rate	**Currency**	**£ 000**	**£ 000**
Fixed-rate loan	10%	CAD	-	611
Accumulated interest			-	15
			-	626
Less impairment allowance/ECL			-	(626)
Total			**-**	**-**

On 25 July 2021, the Company signed a head of agreement with 11157353 Canada Corp. a company incorporated in Canada ("Materia").

As part of the agreement the Company agreed to extend Materia a £1.7 million (CAD 3 million) credit facility which was to be drawn down in tranches based upon agreed uses.
Under the agreement, amounts loaned are due for repayment twelve months after the drawdown date. No repayments were received in the year and none have been received post-yearend.

According to the loan agreement, Materia is obliged to receive the Company's approval for any additional investment from a third party (excluding current investors). The loan is secured by a General Security Agreement under which all

investors). The loan is secured by a General Security Agreement under which all Materia's assets from time to time constitute a floating collateral for the Loan. The collateral is shared equally with another lender to Materia (unconnected to the Group) and the relationship between the two lenders is regulated by an inter-creditor agreement.
Additionally, the agreement states that should the proposed transaction not be complete within six months of the signing of the heads of terms, interest of 10% per annum would be charged on amounts drawn down from the date of drawdown.

As of 31 December 2021, the Company transferred Materia CAD 1,000 thousand (£582 thousand) in three tranches. During 2021 the Company recorded interest income in the total amount of £15 thousand. The loan receivable has been impaired in full.

During the reporting period, the Group received notice that Materia entered a receivership process in Canada, the Group initiated legal action to recoup outstanding payments and was awarded £82 thousand. As a result of the repayment, the Group reversed previous booked impairment.

25. Intercompany receivables

Company:

			31 December	**31 December**
			2023	**2022**
	Interest rate	**Currency**	**£ 000**	**£ 000**
The GP Service (UK) Limited	9%	GBP	2,435	1,097
Kanabo Research Ltd.	-	GBP	2,506	3,192
			4,941	4,289
Less impairment			(1,991)	-
Total			**2,950**	

Current	*515*	*3,192*
Non-current	*2,435*	*1,097*

When conducting their IFRS 9 expected credit loss assessment, the Directors have assessed there are indications that an impairment is required to be recognised and thus the intercompany receivables has been adjusted at carrying value.

26. Cash and cash equivalents and short-term deposits

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Cash at bank and in hand	1,681	3,204	1,137	937
Total	**1,681**	**3,204**	**1,137**	**937**

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Deposits at bank and in hand	1,529	24	1,001	-
Total	**1,529**	**24**	**1,001**	**-**

The Directors consider the carrying amount of cash and cash equivalents and deposits approximate to their fair value.

27. Issued capital

a. Authorised shares

As at 31 December 2023, the Company had 632,427,870 allotted and fully paid ordinary shares.
The ordinary shares have attached to them full voting, dividend, and capital distribution rights (including on a winding up). The ordinary shares do not confer any rights of redemption.

	2023	**2022**
	Number of ordinary shares of £0.025 each	
As at 1 January	422,916,056	369,966,277
Shares issued for RTO (d)	38,461,492	-
Shares issued to settled debt (c)	3,080,247	-
Shares issued due to option and warrant exercises	-	3,522,319
Share issued in placing and subscriptions (a)	-	28,125,000
Share issued in placing and subscriptions (e)	95,138,889	-
Issue of shares for acquisition of subsidiary (b), (d)	72,831,186	21,302,460
As at 31 December	**632,427,870**	**422,916,056**

	2023	**2022**
	£ 000	**£ 000**
As at 1 January	10,573	9,249
Shares issued for RTO (d)	962	

Shares issued for RTO (d)	962	-
Shares issued to settled debt (c)	77	-
Shares issued due to option and warrant exercises	-	88
Share issued in placing and subscriptions (a)	-	703
Share issued in placing and subscriptions (e)	2,378	-
Issue of shares for acquisition of subsidiary (b), (d)	1,821	533
As at 31 December	**15,811**	**10,573**

(a) On 21 February 2022, the Company issued 28,125,000 ordinary shares, raising £2,250 thousand before costs.

(b) On 21 February 2022, the Company acquired 100% of the voting rights of The GP Service (UK) Limited ("GPS"), note 6.a and 27.a.(d)
As of 31 December 2023, 12,574,931 shares for the acquisition of GPS still need to be issued.

(c) On 23 May and on 11 August 2023, the Company issued a total of 3,080,247 ordinary shares for settled debts to suppliers:
- Asserson Law Offices ("Asserson") received 743,055 ordinary shares for £0.0606 per share. These shares were issued as payment for outstanding invoices.
- The 4th Consulting LLC ("4LLC") received 5,000,000 ordinary shares for £0.0301 per share as part of a settlement agreement entered between the Company, Luca Longobardi, and 4LLC ("4LLC Settlement Agreement"). The shares were issued for the provision of brokerage services about the acquisition of The GP Service ("GPS"). Out of the agreed shares, 2,662,808 ordinary shares were transferred from the shares previously held by Atul Devani, Co-founder of GPS.
See note 13 regarding the 4LLC Settlement Agreement.

(d) On 13 June 2023, the Company published a prospectus (the "Prospectus") in relation to the proposed issue of 38,461,492 Ordinary Shares ("2020 Deferred Consideration Shares") in connection with the acquisition of Kanabo Research Limited for £0.065 per share and proposed issue of 72,831,186 Ordinary Shares ("Outstanding Consideration Shares") in connection with the acquisition of The GP Service (UK) Ltd at £0.1265 per share.
On 28 June 2023 the "Outstanding Consideration Shares" were issued.
On 10 July 2023 the "The 2020 Deferred Consideration Shares" were issued.

(e) On 9 May 2023 and 10 May 2023 ("admission dates"), the Company raised £2,740 thousand (before costs) by the issue of 95,138,889 ordinary shares of £0.025 each. The Group additionally granted a half warrant to the noteholders to subscribe for an additional half a new ordinary share at an exercise price of £0.0576 for 24 months following the Admission Dates.
Participants in the fundraising include a new institutional investor as well as the Group's Directors and Senior Officers of the Company. The issue of the shares to the Directors and Senior Officers of the Company in the fundraising was conditional upon the approval of the Company's shareholders of certain resolutions to be proposed at the annual general meeting of the Group (the "AGM").
On 30 June 2023, the AGM approved the issue of the shares. As a result, additional 18,749,999 ordinary shares of £0.025 each out of the 95,138,889 have been issued.
The total warrants issued sum to 47,569,444 (see note 28).

b. Share premium account

	2023	**2022**
	£ 000	**£ 000**
As at 1 January	6,850	5,169
Shares issued in placing and subscriptions	281	1,434
Shares issued to settle debts	120	-
Shares issued due to option and warrant exercises	-	247
As at 31 December	**7,251**	**6,850**

c. Merger reserve

	2023	**2022**
	£ 000	**£ 000**
As at 1 January	11,393	9,231
Shares issued in the year for RTO	2,500	-
Shares issued in the year for subsidiary purchase	3,602	2,162
As at 31 December	**17,495**	**11,393**

Nature and purpose of each reserve in equity - disclosure under SOCIEs

The merger reserve arises when the company acquires at least 90% interest in the shares of another company and under the s612 Companies Act 2006 the excess of fair value of the shares issued more than their nominal value is precluded from being recognised in the share premium account. This reserve is not distributable.

28. Share-based payments

Warrants

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, the granted warrants during the year:

	2023		2022	
	Number	**WAEP**	**Number**	**WAEP**
Outstanding at 1 January	31,976,719	0.43	13,505,931	0.09
Granted	47,569,444	0.06	28,125,000	0.20
Realised	-	-	(3,231,501)	0.10
Expired	(14,062,500)	0.16	(6,422,711)	0.10
Outstanding at 31 December	**65,483,663**	**0.10**	**31,976,719**	**0.18**
Exercisable at 31 December	*65,483,663*	*0.10*	*31,976,719*	*0.18*

a. On 10 May 2023 ("Admission Date"), the Group completed a fundraising round of £2,740 thousand (before costs) via the issue of 95,138,889 ordinary shares of £0.025 each. Directors and Officers also participate in the fundraising in the total amount of £540 thousand (before costs). The issue of the shares to the Directors and Officers of the Company in the fundraise is conditional upon the approval by the Company's shareholders of certain resolutions to be proposed at the annual general meeting of the Group (the "AGM"). On 30 June 2023 the AGM approved the issue of 18,749,999 ordinary shares to Directors and Officers who participate in the fundraising.

   As part of the fundraising the Group additionally granted a half warrant to the noteholders to subscribe for an additional half a new ordinary share at an exercise price of £0.0576 each for a period of 24 months following the Admission Date. The total warrants issued sum to 47,569,444. The issue of the warrants is conditional upon the approval by the Company's shareholders of certain resolutions to be proposed at the annual general meeting of the Group (the "AGM"). On 30 June 2023, the AGM approved the issue of warrants.

b. On 21 February 2022 ("Admission Date"), the authorised share capital was increased by £2,250 thousand (before costs) by the issue of 28,125,000 ordinary shares of £0.025 each. On the admission date, the Group additionally granted a half warrant to the noteholders to subscribe for an additional half a new ordinary share at an exercise price of £0.16 for a period of 18 months following the Admission Date. An additional half warrant was granted to the noteholders to subscribe for an additional half a new ordinary share at an exercise price of £0.24 for a period of 24 months following the Admission Date. The total warrants issued sum to 28,125,000. The warrants were not issued for goods or services provided and therefore fall outside the scope of IFRS 2 and do not require fair valuing.
   As of 31 December 2023, none of the warrants have been converted into shares.
   During and after the reporting period, all the warrants expired.

c. On 17 February 2021 ("Admission Date") the Group granted a warrant to the noteholders to subscribe to one Ordinary Share for every two Conversion Shares issued to the noteholder. The warrants are exercisable at the Conversion Price (£0.05) and will be valid for three years. The total warrants issued sum to 1,650,000. The warrants were not issued for goods or services provided and therefore fall outside the scope of IFRS 2 and do not require fair valuing.
   As of 31 December 2023, 1,150,000 warrants have not yet been converted into shares.
   After the reporting period, all the remaining warrants expired.

d. On 27 January 2021, the Company entered a financial adviser warrant deed entitling Peterhouse Capital Limited to warrants over several ordinary shares, representing approximately 0.75 percent of the enlarged Issued Share Capital (the share capital on the date of the RTO) in accordance with their engagement letter. The warrants are exercisable at the fundraising price, exercisable for a period of 7 years from the date of admission. The total warrants issued sum to 2,701,719. As the warrants were issued to the brokers assisting with the raise upon re-listing, the fair value of these warrants, £113 thousand, was treated as a share issue cost and debited against the share premium.
   As of 31 December 2023, none of these warrants have been converted into shares.

Share options

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2023		2022	
	Number	**WAEP**	**Number**	**WAEP**
Outstanding at 1 January	36,902,016	0.12	15,988,895	0.16
Granted	25,050,000	0.03	22,759,150	0.08
Forfeited and expired	(20,978,516)	-	(1,555,211)	-
Exercised	-	-	(290,818)	-
Outstanding at 31 December	**40,973,500**	**0.05**	**36,902,016**	**0.12**
Exercisable at 31 December	***21,858,454***	***0.07***	*13,733,577*	*0.11*

a. On 28 March 2021, the Group approved an Israeli appendix to the share-based payment plan ("The Israeli new plan"). The plan will include a replacement of existing options granted by Kanabo Research Ltd to three of its employees and consultants and for future grants for Kanabo Research Ltd employees. The plan is for 10 years following the date of approval.

b. During the period ended 31 December 2018, the Company had a share-based payment plan. The plan was approved in February 2018 and has a 10-year duration. The terms of vesting vary according to the grant agreement subject to approval by the Board of Directors. Some grants mature immediately, and others vest over up to 4 years.

c. During 2022, 290,818 options were exercised to shares. The net proceeds summed to £12 thousand.

d. On 30 August 2022, 22,759,150 share options were granted to employees and senior executives under the options plans.

e. On 19 June 2023, 25,050,000 share options were granted to employees and senior executives under the options plans.

f. The following tables list the inputs to the models used for the three plans for the years ended 31 December 2023 and 2022, respectively:

Year ended 31 December 2023

	19 June 2023
Weighted average fair values at the measurement date	£0.019
Dividend yield	0%
Expected volatility	91.87%
Risk-free interest rate (%)	4.53
Expected life of share option (years)	10
Weighted average share price	£0.029
Model used	Black-Scholes

Year ended 31 December 2022

	30 August 2022	**30 August 2022**	**30 August 2022**	**30 August 2022**	**30 August 2022**
Weighted average fair values at the measurement date	£0.023	£0.022	£0.025	£0.022	£0.021
Dividend yield	0%	0%	0%	0%	0%
Expected volatility	91.3%	91.3%	91.3%	91.3%	91.3%
Risk-free interest rate (%)	2.7	2.7	2.7	2.7	2.7
Expected life of share option (years)	10	10	10	10	10
Weighted average share price	£0.065	£0.08	£0.025	£0.1015	£0.1265
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.
The risk-free rate of return is based on zero-yield government bonds for a term consistent with the option life.

g. During the period the Group recognised a total amount of £79 thousand (2022: £967 thousand) for share-based payment expenses.
The amount was recorded in the profit and loss as follows:

	2023	**2022**
	£ 000	**£ 000**
Cost of sales (note 8)	14	13
Research and development expenses (note 9)	49	68
Sales and marketing expenses (note 10)	(40)	349
General and administration expenses (note 11)	56	537
Total	**79**	**967**

29. Interest-bearing loans and borrowings

Group:

				2023	**2022**
	Interest rate	**Currency**	**Maturity**	**£ 000**	**£ 000**
Current interest-bearing loans and borrowings					
Lease liability (note 31)	7.5%	ILS	-	-	65
CBILS loan	9%	GBP	2024	133	133
Total				**133**	**198**
Non-current interest-bearing loans and borrowings					
Lease liability (note 31)	7.5%	ILS	-	-	233
CBILS loan	9%	GBP	2025	133	267

CBILS loan	9%	GBP	2025	133	267
Loans from third parties' investors in subsidiary (note 6.b)	3.23%	ILS	No maturity date was set	6	9
Total				**139**	**509**
Total interest-bearing loans and borrowings				**272**	**707**

CBILS loan

On 22 January 2021, The GP Service (UK) Limited received a Coronavirus Business Interruption Loan Scheme (CBILS) which carries a fixed rate interest of 9% and is repayable by instalments over a 3-year period commencing March 2022.

The loan is recognised as a financial liability at amortised cost. Interest is calculated under the effective interest method. The initial recognition at fair value was not materially different from the proceeds received.

30. Other payables

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Payroll and related expenses	27	41	8	-
Accrued expenses	362	991	253	859
Provision for accrued bonus	-	56	-	22
Provision for accrued vacation and convalescence	17	43	9	24
Other	8	16	-	-
Total	**414**	**1,147**	**270**	**905**

31. Leases

On 22 December 2021, Kanabo Research Ltd ("KNR") (a wholly owned subsidiary of the Company) signed a lease agreement with a third party to rent space in Israel, in exchange for a total of ILS 24 thousand per month linked to the Consumer Price Index. The start date of the rental agreement was agreed between the parties on 17 March 2022. The lease agreement is for three years and includes an extension option for three more years. If KNR exercises the rent extension option, the monthly rent will be updated with an increase of 6%. KNR exercises significant discretion in examining whether it is reasonably certain that an extension option will be exercised. At the date the lease began, the company recognised a right of use in the property against a lease obligation of £327 thousand (ILS 1,399 thousand). To secure the lease agreement, the company provided a deposit of £31 thousand (ILS 132 thousand). After the reporting period, the deposit was released, and the amount returned to the KNR.

During 2023, KNR recognised depreciation expenses of £51 thousand (2022: £47 thousand) as well as financing expenses of £18 thousand (2022: £24 thousand). The annual interest rate for capitalisation that was applied for the purpose of calculating the obligation at the start of the lease was 7.5%.

On 22 October 2023, KNR signed an agreement to cancel the remainder of the lease period (from 1 January 2024, onwards) for its offices. Accordingly, KNR deducted the balance of the right-of-use asset and the balance of the liabilities for the lease and recognised the profit of about £20 thousand presented under 'Other expenses/(gains)' in the profit and loss.

Set out below are the carrying amounts of the right-of-use asset recognised and the movements during the period:

	2023	**2022**
	£ 000	**£ 000**
As at 1 January	282	-
Additions	-	327
Depreciation expense	(51)	(47)
Disposal	(231)	-
Exchange differences	-	2
As at 31 December	-	**282**

Set out below are the carrying amounts of the lease liability (included under interest-bearing loans and borrowings) and the movements during the period:

	2023	**2022**
	£ 000	**£ 000**
As at 1 January	298	-
Additions	-	327
Accretion of interest	18	24
Disposal	(251)	-
Payments	(62)	(57)
Effect of movement on the exchange rate	(3)	4
As at 31 December	-	**298**

Current	-	*65*
Non-current	-	*233*

32. Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings and

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised over the next pages.

The following table sets out the categories of financial instruments held by the Group as at 31 December 2023 and 31 December 2022:

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Financial assets				
Financial assets held at amortised cost				
Intercompany receivables	-	-	4,941	4,289
Trade receivables	20	43	1	35
Long term deposit	-	31	-	-
Short-term deposits	1,529	24	1,001	-
Cash and cash equivalents	1,681	3,204	1,137	937
Financial assets held at fair value				
Financial asset through profit or loss	-	491	-	491
Total financial assets	**3,230**	**3,793**	**7,080**	**5,752**

Current	*3,230*	*3,762*	*7,080*	*5,752*
Non-current	-	*31*	-	-

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Financial liabilities				
Financial liabilities held at amortised cost				
Trade payables	163	153	9	79
Other payables	414	1,147	270	905
Interest-bearing loan and borrowings	272	707	-	-
Total financial liabilities	**849**	**2,007**	**279**	**984**

Current	*710*	*1,498*	*279*	*984*
Non-current	*139*	*509*	-	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and based on the hedge designations in place at 31 December 2023.

The analyses exclude the impact of movements in market variables on the carrying values of provisions, and the non-financial assets and liabilities of foreign operations. The Group is not materially exposed to market risk.

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 the market interest rates. The Group's doesn't exposure to the risk of changes in market interest rates.

The Group is not materially exposed to interest rate risk because it does not have any funds at floating interest rates; all the Group borrowings are at fixed interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group doesn't hedge its exposure to fluctuations in the translation into the British Pound of its foreign operations.

The Directors do not believe that the Group has a material exposure to foreign currency risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.
The Group's maximum exposure to credit risk in relation to each class of recognised asset is the carrying amount of those assets as indicated in the balance sheet. At the reporting date, there was no significant concentration of credit risk. Receivables at the year-end were not past due and the Directors consider there to be no significant credit risk arising from these receivables.

Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool. Cash flow working capital forecasting is performed for regular reporting to the Directors. The Directors monitor these reports and forecasts to ensure the Group has sufficient cash to meet its operational needs.
The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2023

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Interest-bearing loans and borrowings	-	-	133	133	6	272
Trade payables	163	-	-	-	-	163
Other payables	414	-	-	-	-	414
Total	**577**	**-**	**133**	**133**	**6**	**849**

Year ended 31 December 2022

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Interest-bearing loans and borrowings	-	-	133	267	9	409
Lease liability	-	11	36	251	-	298
Trade payables	153	-	-	-	-	153
Other payables	1,147	-	-	-	-	1,147
Total	**1,300**	**11**	**169**	**518**	**9**	**2,007**

Capital risk management

The Company defines capital based on the total equity of the Company. 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 through the optimisation of the debt and equity balance.

To maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt in the future.

33. Related party transactions

The Group is headed by Kanabo Group Plc, the ultimate parent entity. There is no ultimate controlling party. The Directors have determined that there is no controlling party as no individual shareholder holds a controlling interest in the Company. A controlling party is defined as a shareholder who holds more than 25% ownership of shares in the Company.

Key management personnel compensation

For the details of the Directors' remuneration in 2023 and 2022, please see the Director's Remuneration Report on the Annual Report.

The amounts outstanding at the period end due to Non-Executive Directors was £nil (2022: £nil).

Trading transactions

During the year, Group companies did not enter any transactions with related parties who are not members of the Group.

Transactions with Group undertaking

	2023	**2022**
	£ 000	**£ 000**
With Kanabo Research		

Ltd:		
Purchase of services	176	729
Total	**176**	**729**

Sales to and purchases from the Group undertaking were carried out on commercial terms and conditions based on the transfer price work.

34. Employees

The monthly average number of employees in the Group was17 (2022: 20), which excludes Non-Executive Directors, subcontractors in Sri Lanka and portion allocation between the different departments.

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	Number	**Number**	**Number**	**Number**
Research and development	1	2	-	-
Sales and marketing	3	3	1	-
General and administration	13	15	2	2
Total number of employees	**17**	**20**	**3**	**2**

Their aggregate remuneration, including the Executive Directors' remuneration, comprised:

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Wages and salaries	924	1,345	284	116
Pension	66	51	13	6
Social security costs	85	113	40	18
Share-based payment	59	783	43	17
Total number of employees	**1,134**	**2,292**	**380**	**157**

35. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

No amendments to IFRS or new IFRS standards effective for periods on or after 1.1.2023 had any impact on the Group or Company

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.
The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
The amendments will be effective for annual reporting periods beginning on or

after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

36. Reconciliation of liabilities from financing activities

Year ended 31 December 2023

			Non-cash changes			
	1 January 2023	**Financing cash**	**Acquisition of subsidiary**	**New lease**	**Lease termination**	**31 December 2023**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Interest-bearing loan (note 29)	400	(134)	-	-	-	266
Lease liability (note 31)	298	(47)	-	-	(251)	-
Loans from third parties (note 29)	9	(3)	-	-	-	6
Total	**707**	**(184)**		**-**	**(251)**	**272**

Year ended 31 December 2022

			Non-cash changes			
	1 January 2022	**Financing cash**	**Acquisition of subsidiary**	**New lease**	**Lease termination**	**31 December 2022**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Interest-bearing loan (note 29)	-	(100)	500	-	-	400
Lease liability (note 31)	-	(29)	-	327	-	298
Loans from third parties (note 29)	-	9	-	-	-	9
Total	**-**	**(120)**	**500**	**327**	**-**	**707**

37. Copies of the Annual Report

Copies of the Annual Report are available on the Company's website at www.kanabogroup.com and from the Company's registered office Churchill House, 137-139 Brent Street, London, NW4 4DJ, United Kingdom.