Goodbody Health Limited (formerly Goodbody Health Inc.)

Report and financial statements

Year ended 31 December 2022

Goodbody Health Limited

Contents of the financial statements

For the year ended 31 December 2022

Goodbody Health Limited

Directors and Company Information

For the year ended 31 December 2022

Directors

The Directors of the Group during the period were as follows:

Executive

Geremy Thomas
Marc Howells (Resigned 30/11/2022)
Anne Tew (Resigned 22/12/2022)
George Thomas

Non-Executive

Mark Blower
Clive Standish

Secretary and registered office

Company Secretary – Anne Tew
Assistant Company Secretary - Oak Group, PO Box 282, Oak House, Hirzel Street, St Peter Port, Guernsey, GY1 3RH

Registered Office: PO Box 282, Oak House, Hirzel Street, St Peter Port, Guernsey, GY1 2NP

Company number

Guernsey register number 70962

Independent Auditors

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Solicitors

Collas Crill LLP
Glategny Court, Glategny Esplanade,
PO Box 140, St Peter Port,
Guernsey, GY1 4EW

Hill Dickinson LLP
The Broadgate Tower
20 Primrose St
London, EC2A 2EW

Bankers

Barclays Bank, 1 Churchill Place, London E14 5HP

Nominated AQSE adviser and broker

Peterhouse Capital Limited
80 Cheapside,
London EC2V 6EE

Registrars

Computershare
1st Floor, Tudor House, Le Bordage, St Peter Port, Guernsey GY1 1DB

Goodbody Health Limited

Chairman's Statement

For the year ended 31 December 2022

The Group was faced with many challenges in 2020, along with most other businesses, due to lockdown and took a number of decisions to support ongoing operations. These included a reverse takeover of Stillcanna, a Canadian entity listed on the Canadian Securities Exchange (CSE)which owned Cannabidiol (CBD) extraction operations in Europe. At the point this decision was, taken it was anticipated significant benefit would be derived from the assets of that business and also hoped that being listed on the CSE would help generate a strong market to grow the share price. Unfortunately, the CBD market never grew as predicted, in part at least due to the delays in the novel food process in both Europe and the UK and therefore these assets were not generating the anticipated levels of business and income. The CSE also required a lot of investment for limited return. During 2022 the board therefore decided to focus on UK operations and delist from the CSE, migrating the company to Guernsey which was successfully completed in August 2022. A sale for the extraction plant in Poland was agreed in December 2022, subject to Polish authorities' agreement, and is expected to conclude in the first half of 2023. This removes an area of the business that was draining cash from the group. The other CBD businesses are expected to cover their operational costs in 2023.

The second decision taken during the pandemic was to use the CBD shops as COVID testing clinics and this proved to be a huge success leading to over 100 partnership with pharmacies to deliver these testing services by the end of 2021. This success led to further development to grow diagnostic testing through the expanding network to include other healthcare providers which was the strategic focus we had in 2022 and will continue to have in 2023. Successes during 2022 include:

- Contracted over 200 clinics across the UK
- Care Quality Commission (CQC) approved for testing services and minor treatments.
- Developed a new high-tech patient booking system that can easily connect to partner systems developed allowing for Multiple new contracts to be signed in early 2023 with commercial screening, health and wellbeing companies.
- Genetic testing with a focus on cancer testing added to diagnostic blood testing.
- Developed a technology driven mobile phlebotomy service launched early 2023.

The focus for 2023 is to manage costs to focus on growth of the new business services through developing strategic partnerships and not to spend cash on non strategic activities. I look forward to us demonstrating this success.

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Geremy Thomas, Chairman

20 April 2023

Goodbody Health Limited

Strategic report

For the year ended 31 December 2022

Business review

Goodbody Health Limited (formerly Goodbody Health Inc.) is a publicly traded company that was originally incorporated in Canada and redomiciled to Guernsey after delisting from the Canadian Securities Exchange on the 19 August 2022, with offices located at The Blue Building, Stubbs Lane, Beckington, Somerset, BA11 6TE, UK. As a result of this, the company changed its name from Goodbody Health Inc. to Goodbody Health Limited. The Company's ordinary shares are traded on the AQSE Growth Market ("AQSE"), under the trading symbol "GDBY".

The UK has a national health service (NHS) that is over-stretched in both diagnostics waiting lists and treatment and is critically underfunded. The market for private healthcare using modern diagnostic equipment and genetics is hugely exciting.

Goodbody is positioned as part of the private healthcare revolution in diagnostic wellness testing and services. Goodbody helps consumers, pharmacies, GPs, private companies, and the NHS deal with the increasing needs for pathology, genetic testing, phlebotomy, and pharmacy consultations for those without symptoms, to support preventative health interventions and lifestyle changes to improve future health outcomes offering the following:

- We work with over 200 delivery partner clinics including independent pharmacies, dentists, gyms, and other healthcare providers throughout the UK to offer our blood testing and health assessment services.
- We have partnered with well-known accredited laboratories such as Eurofins and Everything Genetic for our testing analytics.
- We have over 80 tests to include venous draw and home finger pricks blood tests, hereditary cancer genetic tests and additionally a virtual GP referral pathways.
- Our support and compliance infrastructure includes inhouse experience, ISO accreditation and Care Quality Commission registration
- Our established UK wide pharmacy network has undertaken over 250,000 tests, with this growing daily.

Our product and service portfolio encompasses 'now' and 'future' testing – from finger prick tests that detail your state of health 'now' to hereditary genetic testing that details the potential risks of hereditary illness in the future.

The strategic direction remains focused on clear opportunities in Health & Wellness products and solutions in prevention and early diagnostics where steady growth is still clear. From our website to 3rd party onsite blood testing stands, Goodbody have a multi-channel approach to serving consumers as a local and national level, combining technologies to offer the most innovative solutions to our customer base through working with 3rd party partnerships.

We have built a brand based on accurate testing and a quality service. We have also taken significant steps in restructuring the Group, to simplify the structure, reduce costs and enable us to intensify our efforts on revenue generation. This included the repatriation from Canada leading to a reduction in professional fees, market and compliance costs as well as travel. We have reduced headcount in non-essential areas and are rationalising assets to focus on those driving revenue to increase the cash available for investment in the development of products and services.

Goodbody Health Limited

Strategic report

For the year ended 31 December 2022

Current trading and outlook for the coming year

Income dropped during 2022 compared to 2021 as expected due to the reduction in testing requirements for COVID to allow travel. The Group was already initiating other forms of diagnostic testing and has slowly but steadily grown this income stream, during 2022. CBD sales fell again in 2022 and although there is a steady income stream this is not expected to be the main driver for revenue growth. Diagnostic testing and minor treatments as well as strategic partnerships with other health and wellness providers is expected to be the main income stream during 2023 and the steady growth has been forecast for the year as new tests and partnerships come on board.

Increasing demand, massive backlogs and staff shortages mean that NHS waiting times are at an all time high, meaning third party provision to fill the gap is essential. Goodbody is perfectly placed to stand in to support the NHS in many important areas. Our established network of clinics can offer phlebotomy, screening services, pathology and virtual ward solutions; all of which will help keep patients at home, reducing waiting lists and improving the nation’s health.

The strategic focus for 2023 will be:

- To support the NHS plan in providing increased preventative assessment local to the need
- Offer a national phlebotomy service both through the clinic network and mobile service
- Continue to supply direct to consumer blood tests
- Offer early cancer screening direct to the consumer
- Offer research and clinical trial support
- Engage with future pharmacogenetics testing opportunities

Full year results and key performance indicators

The table below shows key performance indicators:

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Number of clinics at year end	**280**	140
Number of health tests offered	**80**	35
	£	£
Sales	10,031,388	17,058,060
EBITDA before exceptional items	**(2,476,740)**	(297,104)
Operating loss before exceptional items	**(3,019,415)**	(1,339,394)

Exceptional items include impairments of goodwill, tangibles assets, intangible assets and stock totalling £1,472,688 (Note 5).

Goodbody Health Limited

Strategic report

For the year ended 31 December 2022

Revenue

The Group recorded revenues of £10,031,388 in 2022, representing a reduction of £7,026,672 (41%) on 2021 (£17,058,060), driven by the reduced demand for COVID-19 testing. The group has rolled out blood testing services to replace the COVID-19 testing which is currently in the growth phase. The turnover in 2022 was still five times the best year prior to 2021 and the reduction compared to 2021 was not surprising as 2021 was an exceptional year due to COVID testing requirements.

Gross profit margin

Gross profit decreased by 48% from the prior period, to £4,687,223 in 2022 reflecting the reduced turnover, with a slightly lower margin of 47%, (- 5pts) due to a reduction in prices on services to remain competitive in the market.

Sales and marketing

The Group incurred sales and marketing expenditure of £2,590,717 in 2022, a decrease of 39% compared to 2021 (£4,217,737). This saving is driven by the lower online marketing costs for the testing revenue and no marketing costs relating to a share issue as took place in 2021.

Staff costs

Wages and salaries have increased by 4% in 2022 to £2,503,545 in 2022, due to restructuring of the staff structure that support the clinic operations in the first half of 2022, and a severance package.

Professional fees and regulatory costs

Expenditure on professional fees totalled £977,780 in 2022, which was in line with the spend in 2021 (£989,075).

Infrastructure and operational Fees

Infrastructure and operational fees of £1,160,883 in 2022 saw a 25% decrease compared to 2021 (£1,541,222). 2022 costs included improvements to the overall IT infrastructure and improved data management.

Travel and entertainment

Travel and entertainment increased by 35% in 2022 to £158,032 in 2022, due to an increased physical presence in Canada in the first half of the year.

Admin, financial and other costs

The Group incurred admin and financial costs of £249,147 in 2022, a decrease of 39% compared to 2021 (£407,653). This is due to reduced bank fees in line with the reduced revenue.

Other income

The Group had other income of £275,087 in 2022, an increase of 20% compared to 2021 (£229,642). The income figure in 2022 was due to a large accrual reversal for a legal case which has now been confirmed as closed and the sale of a generator that was held for resale.

Share-based payment charges

Share-based payment charges, a non-cash expense, totalled £21,280 in 2022, a decrease of 92% on 2021 (£276,618) due to no options being issued in 2022 and previous options, not vested, being cancelled.

Depreciation and amortisation charges

Depreciation and amortisation charges, a non-cash expense, totalled £542,675 in 2022, a decrease of £499,616 on 2021 (£1,042,290) due to following an evaluation of the depreciation policy for the extraction plant in Poland which reduced the depreciation charge to reflect updated expectations of the plant and machinery asset lives.

Asset and Goodwill Impairment

Impairment costs, a non-cash expense, were made up of £1,472,688. The board decided that due to the ongoing poor performance of the CBD market it would impair in full the original investments in the two CBD subsidiaries Goodbody Botanicals and Phytovista laboratories, a total of £572,072. Tangible Assets were also impaired in the Polish operations by £597,114, Intangible assets by £3,502 and stock by £300,000. In 2021, Impairment costs, a non-cash expense of £894,330, were made up of £275,952 fixed asset impairment relating to farming equipment in Poland no longer used, £475,478 on intangible assets and £142,900 Goodwill, both generated in the reverse takeover and all relating to the subsidiary in Poland.

Net and comprehensive profit / (loss)

The Group realised a net comprehensive loss of £3,939,627 in 2022, an increase of £1,803,875 compared to the £2,135,752 loss incurred in 2021, this is due to being in the growth phase of blood testing services and the reduced demand for COVID-19 tests.

Principal risks and uncertainties

The Directors have the primary responsibility for identifying the principal risks the business faces and for developing appropriate policies to manage those risks.

Risks and uncertainties	**Mitigation**
Covid-19 Uncertainty and impact of Covid-19 reduction	Diversification into other wellness testing
Market Conditions Economic uncertainty could reduce customer confidence / spending.	Reduce cost base and longer term cost commitments.
Competition Losing market share or reduced growth due to competitors	Work with competitors as partners by offering a phlebotomy network and other services.
People Loss of key staff and inability to hire the right people.	Retain skills through contractors

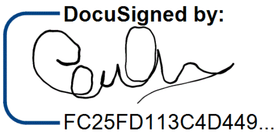
Goodbody Health Limited

Strategic report

For the year ended 31 December 2022

Supply Chain A major failure of key supplier or distributor could cause significant business interruption.	Supplier evaluation for key suppliers and alternative suppliers identified for key products and services
Regulatory, legal and tax Changes to law and regulations that increasing compliance costs	Plan for possible scenarios and engage advisors that can advise how to mitigate changes
Fundraising Lack of ability to attract funds to invest and grow the business	Minimise cost base to allow organic growth. Look for alternate investment opportunities. Use partnerships to reduce duplicating costs.
Foreign Exchange FX Losses reducing liquidity	Remove foreign entities and focus on home market. Manage foreign cash balances.

On behalf of the Board.



George Thomas, CEO
20 April 2023

Goodbody Health Limited

Report of the directors

For the Year ended 31 December 2022

The Directors present their report together with the audited financial statements for the year ended 31 December 2022 (year to 31 December 2021).

Principal activities

The Group's principal activity is the diagnostic wellness testing and products.

Results and dividends

The consolidated statement of comprehensive income is set out on page 24 and shows the loss for the period. The Directors do not recommend the payment of a dividend (2021 - £nil).

Post balance sheet events

Post balance sheet events are set out in Note 27.

Future developments

The outlook and future developments are set out in the Chairman's statement on page 3 and the Strategic Report on page 4.

Donations

The Group made no charitable or political donations in the period (2021 - £140).

Financial Instruments

Details of the use of financial instruments and the principal risks faced by the Group are contained in Note 23 to the financial statements.

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the Directors have considered the financial position of the Group, together with its forecasts for the next 12 months from the approval of these financial statements and taking into account possible changes in trading performance. The going concern basis of accounting has, therefore, been adopted in preparing the financial statements.

The Group regularly reviews and makes an assessment of its ability to continue as a going concern. This assessment relies on significant judgements and assumptions, taking into account known future information, including whether events or conditions create material uncertainties that may cast significant doubt on the ability to continue as a going concern. During the year the Group made a loss of £3,939,627, resulting in net assets of £3,106,823. This was partly due to the delay in scaling down the cost base as COVID testing revenues decreased, which has now been addressed for 2023. In addition, the cash balance decreased from £6,068,172 in the prior year to £1,553,033 in the current year due the cash generated from the COVID revenue being deliberately invested in building the blood diagnostic business, including the purchase of blood diagnostic equipment.

Going concern (continued)

The Group monitors cash balances and prepares regular forecasts for at least 18 months, which are reviewed by the Board. These forecasts include our best estimates and judgements based on currently available information and current environment. Having reviewed the updated forecast and given the ability of the Group to manage costs and cash position, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Section 172 compliance

Throughout the year, in performance of its duties, and in compliance with Section 172 of the Companies Act, the Board has had regard to the interests of the Group's key stakeholders and taken account of the potential impact on these stakeholders of the decisions it has made. In order to comply with Section 172, the Board is required to include a statement setting out the way in which Directors have discharged these duties during the year. Details of how the Board had regard to the following S172 Matters are as follows:

S172 Matters	Specific examples
1. The likely consequences of any decision in the long term	• Our corporate governance framework as described in this annual report • Communications with our shareholders through our website, circulars, AGM and press releases
2. The interests of the Group's employees	• Employee engagement through communications and training opportunities including the initial staff induction • Established whistleblowing and safeguarding procedures
3. The need to foster the Group's business relationships with suppliers, customers and others	• Building long-term relationships with suppliers • Encouraging and responding to customer feedback through websites, social media and our feedback system
4. The impact of the Group's operations on the community and the environment	• Meeting the NHS long term plan to reduce pressure on the service • Investing in local pharmacies across diverse communities nationwide
5. The desirability of the Group maintaining a reputation for high standards of business conduct	• Regular staff training and communication • Quality accreditations including CQC and ISO17025 • A robust governance framework
6. The need to act fairly between members of the Group	• Intercompany agreements in place and a group board to validate intercompany decisions

Goodbody Health Limited

Report of the directors
For the Year ended 31 December 2022

Directors' interest in shares

	As at 31 December 2022		As at 31 December 2021	
Director	Ordinary shares	%	Ordinary shares	%
Geremy Thomas	7,640,638	20.94	7,840,638	21.48
Mark Blower	201,042	0.55	201,042	0.55
George Thomas	619,880	1.70	619,880	1.70
Clive Standish	1,360,055	3.73	1,360,055	3.73
Anne Tew	8,377	0.02	8,377	0.02
Marc Howells	59,210	0.16	59,210	0.16

Note: The number of shares has been adjusted in 2021 for the 10 to 1 consolidation to make them comparable. Marc Howells resigned 30/11/2022 and Anne Tew resigned 22/12/2022.

Share options

Director	Number	Exercise price £	Grant date	Vesting period	Expiry date
Geremy Thomas	1,246,489	0.15	03/06/2020	Immediate	03/06/2025
Mark Blower	301,563	0.15	03/06/2020	Immediate	03/06/2025
George Thomas	67,014	0.70	26/08/2020	1/3 over 3 years	26/08/2025
Anne Tew	30,930	1.94	30/03/2020	1/3 over 2 years	30/03/2030
Anne Tew	44,676	0.69	17/06/2020	1/3 over 3 years	17/06/2025
Anne Tew	16,754	0.70	26/08/2020	1/3 over 3 years	26/08/2025
Anne Tew	74,460	0.42	22/12/2021	Immediate	22/12/2026
Marc Howells	144,718	0.40	20/12/2021	Immediate	20/12/2026
Marc Howells	1,005,210	0.42	22/12/2021	Immediate	22/12/2026

Warrants

Director	Number	Exercise price £	Grant date	Vesting period	Expiry date
Clive Standish	650,000	0.675	31/03/2021	2 years	31/03/2023

Directors

The Board was made up of four executive directors and two non-executive directors in 2022. In 2023 Geremy Thomas stepped back from his executive duties but remains as Chairman. George Thomas took over as CEO from Marc Howells and Anne Tew stepped down from the board, remaining as Company Secretary.

Goodbody Health Limited

Report of the directors
For the Year ended 31 December 2022

Directors (continued)

All directors have access to the advice and services of the Company Secretary who is responsible for advising on rules and regulations as well as the company's articles. In addition, Directors can obtain independent professional advice in the furtherance of their duties if necessary, at the Company's expense.

Geremy Thomas, Founder & Chairman of Goodbody Health

Geremy is an entrepreneur with a successful track record in the telecommunication, e-learning and consumer finance industries. After being involved at senior level in The Carphone Group Plc before it was sold, Geremy went on to create and list PNC Telecom Plc. In 2001 Geremy co-founded TMTI Ltd. TMTI Ltd is a profitable technical support business which works with major brands in enhancing the customer experience. Geremy founded George Banco ltd in 2013, a consumer finance business, which was later sold to Non-Standard Finance Plc. Geremy's other business interests include Carbon Managers Ltd, an environmental services consultancy company. Geremy founded the Sativa Group in 2018, now called Goodbody Health, and was its first CEO. After a period as a non-executive and then taking a break from the company, Geremy is back as the Chairman to lead the board.

George Thomas, Chief Executive Officer, Goodbody Health

George is a successful entrepreneur who has established an eclectic mix of businesses across an array of industries including Tech, Finance, Environmental and Wellness. George was a founding director and board member of George Banco Ltd, a consumer finance business, which was later sold to Non-Standard Finance Plc. After a period as the Managing Director of Goodbody Wellness Ltd, the main operating subsidiary of the Goodbody Health Group, George has moved to the position of Group CEO. George was responsible for building up the new diagnostic testing services business through which he has successfully introduced a range of wellness testing products and services.

Clive Standish, Non-Executive Director, Goodbody Health

Clive Standish's professional career began with N M Rothschild & Sons Ltd in London. In 1979 he was appointed a partner with Dominguez & Barry in Australia and became a member of the Melbourne Stock Exchange in 1980. He was the founding Executive Director at Dominguez Barry Samuel Montagu Limited and subsequently Head of Capital Markets and Managing Director until 1991 and then CEO of SBC and Warburg Dillon Read Australia.
In 1998, Clive Standish was appointed Chairman and CEO for Asia Pacific UBS AG and member of the Managing Board and subsequently member of the Group Executive Board. In 2003 he moved to Zurich as Group Chief Financial Officer UBS AG until 2007 when he retired from the Board of UBS AG.

Goodbody Health Limited

Report of the directors

For the Year ended 31 December 2022

Mark Blower, Non-Executive Director, Goodbody Health

Mark Blower is an experienced finance professional, having spent the last 20 years actively overseeing the financial performance of over 70 UK SME's, with a particular focus on raising debt and private equity. He began his career in 1996 at the Investment Banking division of a large UK bank, before joining NM Rothschild in 2000. He then ran a highly successful leveraged debt team for another UK lending institution for five years before starting his Private Equity career in 2010. During his career to-date he has held a number of board positions, across a variety of sectors.

Anne Tew, CFO and Company Secretary of Goodbody Health

Anne is an experienced CFO, Corporate Secretary, professional business strategist and mentor with over 30 years' experience across a range of industries including the NHS, testing laboratories, manufacturing and farming. She has successfully led projects to achieve business turnaround, restructuring, growth and development. Anne has worked as an Executive and Non-Executive Director, including in the NHS, as well as advising board members in financial and governance matters as the Corporate Secretary or as an external consultant. Anne was a board member until December 2022 and on stepping down continues as CFO and Company Secretary until the 2023 AGM.

Statement as to disclosure of information to auditors

All of the current Directors have taken all reasonable steps necessary to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

Haysmacintyre LLP were appointed as auditors to the company on 22 November 2022 and having expressed their willingness to continue in office, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the Board.

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Geremy Thomas
Chairman
20 April 2023

Goodbody Health Limited

Corporate Governance Statement

For the Year ended 31 December 2022

Employees

Applications from disabled persons are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities.

The Group takes a positive view toward employee communication and has established systems for ensuring employees are informed of new developments and that they are consulted regularly.

Environmental Social Governance Policy

Our Environmental, Social, Governance (ESG) Policy, underpins Goodbody Health's activities across all our businesses where we operate. It sets out our approach to sustainability and forms the basis of our decisions by focusing on business ethics and compliance, people and culture and community involvement. We deliver products and services to our stakeholders which support , impact and underpin socially responsible themes.

	No poverty	Good Health & Wellbeing	Quality Education	Gender Equality	Affordable and clean energy	Decent work economic growth	Reduced Inequalities	Sustainable cities and communities	Responsible consumption and production	Climate action
Meeting the NHS long term plan to reduce pressure on the service		Major Focus				Commitment			Major Focus	
Range of lower & higher priced lateral flow tests to meet the needs of different income groups							Major Focus	Commitment		
Investing in local pharmacies across diverse communities nationwide	Commitment	Major Focus				Major Focus	Major Focus	Major Focus		
Strong Health & Safety policies, procedures & action plan		Commitment	Commitment							
Empowering consumers to take responsibility for their own healthcare to improve health outcomes		Major Focus	Commitment							
Committed to diversity & providing all staff equal opportunities with women holding senior positions				Major Focus						
Anti-bullying and anti-harassment focus				Commitment			Commitment			
Environmental action plan including Carbon footprint monitoring and waste management system					Commitment					Commitment
Hybrid office/home working				Commitment	Commitment					
Transparent information on product and services			Commitment						Commitment	
Governance Framework including Supplier and Sub-Contractor evaluation processes to support ESG goals and accreditation compliance						Commitment			Commitment	

= Major Focus   = Commitment

Corporate Governance Statement

For the Year ended 31 December 2022

What Goodbody Are Targeting

No Poverty – end poverty in all its forms everywhere

Developing products and services tailored for customers with less available resources.

Recruit, train and employ local community members, including those with low incomes, and integrate them into the value chain (as producers, suppliers, distributors, vendors).

Good Health and Well-being – ensure healthy lives and promote well-being for all at all ages

Partner with health care provider clinics to raise awareness and increase access to targeted health services for people and their families.

Make investments in health, a priority in business operations.

Quality Education – ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Create programs (e.g., internships, work-study programs, traineeships, etc.) that give students earlier access to the corporate environment.

Provide employees and partners with continuous opportunities to improve their (job) skills for their current and future employment.

Develop cost-effective education products and services that eliminate barriers to access and improve the quality of learning (e.g. ICT solutions to improve the delivery of education, innovative measurement tools, etc.).

Gender Equality – achieve gender equality and empower all women and girls

Pay equal remuneration, including benefits, for work of equal value to all women and men.

Support access to child and dependent care. Through flexible working practices

Establish a zero-tolerance policy towards all forms of violence at work, including verbal and/or physical abuse and sexual harassment.

Develop business relationships with women-owned enterprises, including small businesses.

Affordable and Clean Energy – ensure access to affordable, reliable, sustainable and modern energy for all

Source 100% of operational electricity needs from renewable sources when the contracts allow.

Reduce the internal demand for transport by prioritizing telecommunications.

Decent Work and Economic Growth – promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Foster entrepreneurial culture and invest in or mentor young entrepreneurs.

Put in place mechanisms to identify child labour and forced labour throughout global supply chains and remove suppliers when abuses are discovered.

Install a firm policy against unfair hiring and recruitment practices, particularly of vulnerable groups.

Reduced Inequalities

Develop products and services tailored for customers from different economic backgrounds (e.g. a wide range of cost options for testing).

Recruit, train and employ local community members, including those on low incomes, and integrate them in the value chain (as producers, suppliers, distributors, vendors).

Sustainable Cities and Communities – make cities and human settlements inclusive, safe, resilient and sustainable

Use technological expertise to help build capacity of local businesses that reduces travel.

Responsible Consumption and Production – ensure sustainable consumption and production patterns

Develop innovative business models such as moving from selling products to selling services.

Commit to and implement responsible sourcing practices beyond compliance – applying environmental and social safeguards – for all raw materials and commodities.

Foster product and technology innovation to optimize resource efficiency, reduce impacts on ecosystems and lower carbon emissions.

Climate Action – take urgent action to combat climate change and its impacts

Source all electricity the Group consumes at its facilities from renewable sources – such as wind, solar or hydro – or install renewable energy generation capacity on-site once existing contracts allow.

Statement of directors' responsibilities

For the year ended 31 December 2022

The Directors are responsible for preparing the strategic report, the annual report and the financial statements in accordance with applicable law and regulations.

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards ("IFRS"). The Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the AQSE Rules for Companies issued by the London Stock Exchange.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the United Kingdom, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the Companies (Guernsey) Law 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

On behalf of the board.

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Geremy Thomas,

Chairman

20 April 2023

Independent auditors' report to the members of Goodbody Health Limited

For the year ended 31 December 2022

Opinion

We have audited the financial statements of Goodbody Health Limited (formerly Goodbody Health Inc.) and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash flow statement and related notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Financial Reporting Standards (IFRSs).

In our opinion, the financial statements:

• give a true and fair view of the state of the group's affairs as at 31 December 2022 and of the group's loss for the year then ended; and

• have been properly prepared in accordance with UK adopted IFRSs.

Basis for opinion

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

An overview of the scope of our audit

An overview of the scope of our audit our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement. The components of the Group were evaluated by the Group audit team based on a measure of materiality, considering each component as a percentage of the Group's total assets, net assets, revenue, and profit after tax, which allowed the Group audit team to assess the significance of each component and determine the planned audit response. For those components that were evaluated as significant components, either a full scope or specified audit approach was determined based on their relative materiality to the Group and our assessment of the audit risk. For significant components requiring a full scope approach, we evaluated controls by performing walkthroughs over the financial reporting systems identified as part of our risk assessment, reviewed the accounts production process, and addressed critical accounting matters.

We then undertook substantive testing on significant transactions and material account balances. In order to address the audit risks identified during our planning procedures, we performed a full scope audit of the financial statements of the Group, Phytovista Laboratories Ltd, Goodbody Botanicals Ltd and Goodbody Wellness Limited. The parent company is registered in Guernsey and the directors have opted for it not to be audited under the Companies (Guernsey) Law 2008; however, we performed a level of review on the company, equivalent to that of an audit, to provide sufficient comfort over the inputs into the consolidation and disclosures for the Group financial statements. We performed specific targeted audit procedures, including analytical review, over the other components listed on page 28 of the financial statements which included Blood Matters Ltd (formerly known as Goodbody Group Ltd), Olimax NT and Sativa Wellness Poland z.o.o. All work was carried out by the group audit team.

Independent auditors' report to the members of Goodbody Health Limited

For the year ended 31 December 2022

Key audit matters

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

Key audit matter	How we addressed the key audit matter in the audit
Fraud in revenue recognition The group has a number of revenue streams including wholesale, retail, provision of specialist laboratory services and provision of blood / covid testing. Revenue is a significant item in the income statement and impacts a number of management's key judgements, performance indicators and key strategic indicators. There is a risk of incorrect revenue recognition due to fraud and error arising from: • Recognition of revenue in the incorrect period. • Revenue not being recognised in accordance with IFRS15" Revenue from Contracts with Customers". • Manipulation of revenues around the year-end through management override of internal controls.	Our audit work included, but was not restricted to: • Evaluating the group's revenue recognition accounting policy to check compliance with IFRS 15. • Performing substantive testing on a sample of individual revenue transactions throughout the year to evaluate whether revenue is recognised in accordance with IFRS 15. • Testing procedures included agreeing revenue transactions selected for testing through to supporting evidence including sales invoice and cash receipts. • Performing cash to sales reconciliation. • Reviewing material credit notes, invoices and receipts post year end to ensure they were recorded in the correct accounting period. • Performing sales cut off tests to ensure revenue had been recognised in the correct period. • Our review involved an assessment to test the appropriateness of the recognition of accrued income and deferred income. • In addition, we reviewed the adequacy of the disclosures under IFRS15. Key observations Based on our audit testing we did not identify any material misstatements of revenue. Based on our audit testing we did not identify any material misstatements of revenue.

Independent auditors' report to the members of Goodbody Health Limited

For the year ended 31 December 2022

Going concern Based on the group's historic losses and certain group companies being in a net liability position, going concern would be identified as an area of a significant risk.	Our audit work included, but was not restricted to: • Critically assessing the cashflow projections and profit and loss forecasts prepared by the directors and the underlying assumptions. • Considering sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible adverse effects that could arise from these risks individually and collectively. This included critically assessing and challenging the sensitivities applied and the mitigating actions applied by management. • Reviewing post year end management accounts in comparison to the cashflow projections and profit and loss forecasts prepared by the directors. • Reviewing the going concern disclosures included within the financial statements and considering whether they are appropriate. See conclusions below in relation to going concern.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the group, we considered revenue to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the group to be £201,000, based on 2% of revenue. Our materiality equates to 2% of final revenue. On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e., our tolerance for misstatement in an individual account or balance) for the group was 75% of materiality, namely £150,750. We agreed to report to the Audit Committee all audit differences in excess of £10,050, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent auditors' report to the members of Goodbody Health Limited

For the year ended 31 December 2022

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Discussing management's assessment of the group's ability to remain a going concern;
- Reviewing and understanding the cash flow forecasts which are the central element of management's going concern assessment;
- Assessing and challenging the inputs in and judgements made in the preparation of the cash flow forecasts;
- Performing stress tests including sensitivity analysis to model the effect of changing assumptions made or amending key data used in management's cash flow forecasts and considering the impact on the group's ability to adopt the going concern basis.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Independent auditors' report to the members of Goodbody Health Limited

For the year ended 31 December 2022

We have nothing to report in respect of the following matters in relation to which Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

• the parent company financial statements are not in agreement with the accounting records and returns; or

• certain disclosures of directors' remuneration specified by law are not made; or

• we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements in respect of employment law, including but not limited to minimum wage regulation and foods standards requirements. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Aquis growth market rules and Companies (Guernsey) Law 2008.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate manual journal entries to revenue and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

Independent auditors' report to the members of Goodbody Health Limited

For the year ended 31 December 2022

- Obtained an understanding of the legal and regulatory requirements applicable the Group and considered that the most significant are the Companies (Guernsey) Law 2008, UK-adopted International Accounting Standards, and UK tax legislation. We obtained and understanding of how the Group comply with these requirements by discussions with management and those charged with governance;
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- Cut-off testing and substantive testing procedures concluded on the appropriateness of revenue recognition throughout the year.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Jon Dawson

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Jon Dawson (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

Date: 20 April 2023

Goodbody Health Limited

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Revenue	3	**10,031,388**	17,058,060
Cost of sales		**(5,344,165)**	(8,127,278)
Gross profit		**4,687,223**	8,930,782
Other income	3	**275,087**	229,642
Operating expenses		**(7,981,725)**	(10,499,818)
Operating loss before exceptional items		**(3,019,415)**	(1,339,394)
Exceptional items	5	**(1,472,688)**	(894,330)
Operating loss	4	**(4,492,103)**	(2,233,724)
Finance expense	6	**(2,584)**	(13,022)
Loss before income tax		**(4,494,687)**	(2,246,746)
Income tax credit / (expense)	9	**264,150**	(67,634)
Net Loss		**(4,230,537)**	(2,314,380)
Exchange gain / (loss) on translation of foreign subsidiaries		**290,910**	178,628
Loss and total comprehensive loss for the period		**(3,939,627)**	(2,135,752)
Earnings per share for loss attributable to the ordinary equity holders of the company		Pence	Pence
Basic/Diluted earnings per share	18	**(10.8)**	**(6.2)**

All transactions arise from continuing operations.

The notes on pages 28 to 59 form part of these financial statements.

Goodbody Health Limited

Consolidated balance sheet

At 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
Non-current assets			
Intangible assets	11	**79,944**	603,013
Property, plant and equipment and right-of-use assets	12	**450,511**	2,944,098
		530,455	3,547,111
Current assets			
Inventories	15	**101,828**	588,717
Assets held for resale	13	**1,504,457**	46,345
Trade and other receivables	16	**187,132**	592,924
Cash and cash equivalents		**1,553,033**	6,068,172
		3,346,450	7,296,158
Total assets		**3,876,905**	10,843,269
Current liabilities			
Trade and other payables	17	**666,249**	3,437,859
Lease liabilities	14	**103,833**	152,111
		770,082	3,589,970
Non-current liabilities			
Lease liabilities	14	**-**	184,842
		-	184,842
Total liabilities		**770,082**	3,774,812
Total net assets		**3,106,823**	7,068,457
Equity			
Share capital	19	**15,124,402**	15,124,402
Share based payment reserve		**3,606,242**	3,584,962
Translation reserve		**623,231**	332,321
Retained earnings		**(16,247,052)**	(11,973,228)
Total equity		**3,106,823**	7,068,457

The notes on pages 28 to 59 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 20 April 2023 and signed on its behalf by:

DocuSigned by:

FC25FD113C4D449...

George Thomas,

Executive Director

20 April 2023

Goodbody Health Limited

Consolidated statement of changes in equity

For the Year ended 31 December 2022

	Share capital	Share based payment reserve	Translation reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 31 December 2020	12,915,426	2,874,217	153,693	(9,658,848)	6,284,488
Private placement of units	2,418,638	582,418	-	-	3,001,056
Unit issuance costs	(275,755)	(60,985)	-	-	(336,740)
Warrant issue for services	-	32,988	-	-	32,988
Exercise of share options	124,800	(120,295)	-	-	4,505
Total comprehensive loss for the year	-	-	-	(2,135,752)	(2,135,752)
Share based payments	-	276,619	-	-	276,619
Share cancellation	(58,707)	-	-	-	(58,707)
Currency translation reserve	-	-	178,628	(178,628)	-
Balance at 31 December 2021	15,124,402	3,584,962	332,321	(11,973,228)	7,068,457
Total comprehensive loss for the year	-	-	-	(3,939,627)	(3,939,627)
Share based payments	-	21,280	-	-	21,280
Reversal of forfeited options	-	-	-	(43,287)	(43,287)
Currency translation reserve	-	-	290,910	(290,910)	-
Balance at 31 December 2022	15,124,402	3,606,242	623,231	(16,247,052)	3,106,823

The share based payment reserve has a value deposited in it for share instruments such as options and warrants. The value is determined by using the Black Scholes calculator. The translation reserve relates to the retranslation of foreign subsidiaries balances into the functional currency of the group. The company was quoted in CAD but using GBP as its reporting currency.

The notes on pages 28 to 59 form part of these financial statements.

Goodbody Health Limited

Consolidated cash flow statement

For the Year ended 31 December 2022

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Operating activities			
Cash inflow/(outflow) from operating activities	25	**(4,120,978)**	1,842,794
Net cash inflow/(outflow) from operating activities		**(4,120,978)**	1,842,794
Investing activities			
Proceeds from sale of property, plant and equipment		**55,761**	131,425
Purchase of property, plant and equipment	12	**(222,974)**	(242,164)
Purchase of Intangibles	11	**(62,387)**	(11,483)
Net cash outflow from investing activities		**(229,600)**	(122,222)
Financing activities			
Net proceeds from issues of ordinary shares		**-**	2,664,317
Finance expense	6	**(2,584)**	12,853
Principal paid on lease liabilities	26	**(161,977)**	(202,167)
Net cash used in/generated from financing activities		**(164,561)**	2,475,003
Net (decrease)/increase in cash and cash equivalents		**(4,515,139)**	4,195,575
Cash and cash equivalents brought forward		**6,068,172**	1,872,597
Cash and cash equivalents as at the end of the period		**1,553,033**	6,068,172

The notes on pages 28 to 59 form part of these financial statements.

Notes to the financial statements
For the Year ended 31 December 2022

General information

Goodbody Health Limited is a publicly traded corporation incorporated in Canada and redomiciled to Guernsey on the 19 August 2022, registered Office Oak House, Hirzel Street, St Peter Port, Guernsey, GY1 2NP and with offices located at The Blue Building, Stubbs Lane, Beckington, Somerset, BA11 6TE, UK. The Company's ordinary shares are traded on the AQSE Growth Market ("AQSE"), under the trading symbol "GDBY".

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries (the "Group") as follows:

Name	Country of incorporation	Registered address	Ownership %	Nature of business
Goodbody Wellness Limited	England	The blue building, Stubbs Lane, Beckington, Frome, BA11 6TE	100	Diagnostic wellness testing
Goodbody Botanicals Limited	England	The blue building, Stubbs Lane, Beckington, Frome, BA11 6TE	100	CBD products manufacture and sales
Phytovista Laboratories Limited	England	The blue building, Stubbs Lane, Beckington, Frome, BA11 6TE	100	Cannabinoid related testing
Olimax NT Sp z.o.o	Poland	Bukowa 2 Morawica, świętokrzyskie, 26-026 Poland	100	Cannabinoid extraction and production of isolate, isolate and CBD products (since year end merged with Sativa Wellness Poland)
Sativa Wellness Poland Sp z.o.o	Poland	Bukowa 2 Morawica, świętokrzyskie, 26-026 Poland	100	Cannabinoid extraction and production of isolate, isolate and CBD products

1 Accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the United Kingdom ("adopted IFRSs"). These financial statements have also been prepared in accordance with those parts of the Companies (Guernsey) Law 2008 that are relevant to companies that prepare their financial statements in accordance with IFRS.

(b) Basis of preparation

The financial statements cover the year ended 31 December 2022, with a comparative period of the year ended 31 December 2021. The financial statements are presented in sterling (£), rounded to the nearest pound and are prepared on the historical cost basis. The accounting policies of the Group are consistent with the policies adopted by the Group.

(c) Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group regularly reviews and makes an assessment of its ability to continue as a going concern. This assessment relies on significant judgements and assumptions, taking into account known future information, including whether events or conditions create material uncertainties that may cast significant doubt on the ability to continue as a going concern. During the year the Group made a loss of £3,939,627, resulting in net assets of £3,106,823. This was partly due to the delay in scaling down the cost base as COVID testing revenues decreased, which has now been addressed for 2023. In addition, the cash balance decreased from £6,068,172 in the prior year to £1,553,033 in the current year due the cash generated from the COVID revenue being deliberately invested in building the blood diagnostic business, including the purchase of blood diagnostic equipment.

The Group monitors cash balances and prepares regular forecasts for at least 18 months, which are reviewed by the Board. These forecasts include our best estimates and judgements based on currently available information and current environment. Having reviewed the updated forecast and given the ability of the Group to manage costs and cash position the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future, and at least for 12 months from the date of approval of the consolidated financial statements. The Group is dependent for its working capital requirements on cash generated from operations, and cash holdings.

The Directors remain confident that the Group has sufficient cash resources for a period of at least twelve months from the date of approval of these consolidated financial statements accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these consolidated financial statements.

(d) Changes in accounting policies and disclosures

New standards, amendments to standards or interpretations adopted by the Group

Amendments to accounting standards applicable in the year ended 31 December 2022 were as follows:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- COVID-19 – Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

- Annual Improvements (2018-2020 Cycle):
    - Subsidiary as a First-time Adopter (Amendments to IFRS 1)
    - Fees in the '10 per cent' Test for Derecognition of Liabilities (Amendments to IFRS 9)
    - Lease Incentives (Amendments to IFRS 16)
    - Taxation in Fair Value Measurements (Amendments to IAS 41).

The application of these did not have a significant impact on these financial statements and therefore disclosures have not been made.

New standards, amendments to standards or interpretations not yet adopted by the Group
There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.
The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

The Group is currently assessing the impact of these new accounting standards and amendments.
The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

(e) Leases

Group's accounting policies for leases are as follows:
Lessee accounting

The Group makes the use of leasing arrangements principally for the intercompany recharge to the subsidiary accounts for the use of the head office and warehouse. The Group has not entered into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to items of office equipment such as desks, chairs, and certain IT equipment. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(f) Basis of consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2022. All subsidiaries have a reporting date of 31 December 2022.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(g) Revenue

Under IFRS 15, revenue is to be recognised in a manner that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances. The standard also specifies the accounting for the incremental cost of obtaining a contract and the costs directly related to fulfilling a contract.

The Group's revenue is derived from goods and services provided to the customers from CBD sales, CBD testing and health testing services. Revenue is recognised at the point in time when control has transferred to the customer. For CBD products the control passes to the customers at the point at which CBD products are provided and the Group has a present right for payment. For the cannabinoid testing services the revenue is recognised on receipt of the sample. For health testing services the revenue is recognised once the health test for the customer has taken place in the clinic or for home testing kits once despatched to the customer.

Clinic testing allows cancellation in specified timeframes between booking and the test date during which time refunds are offered but this is prior to the recognition of income and is therefore adjusted to the balance sheet. For goods replacement good are offered if items are damaged not refunds.

(h) Other income

Included in Other income is the rental income from operating leases. Rental income is recognised in the period to which it relates.

(i) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

(j) Employee benefit costs

The Group operates a defined contribution pension scheme. Contributions payable by the Group's pension scheme are charged to the income statement in the period in which they relate.

(k) Share based payments

Certain employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (e.g., options, shares etc). The cost of this is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using the Black-Scholes Option-Pricing Model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). 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 profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

(m) Goodwill

Goodwill represents the excess of the fair value of the consideration over the fair values of the identifiable net tangible and intangible assets acquired and is allocated to cash generating units. Under IFRS 3 'Business combinations', goodwill arising on acquisitions is not subject to amortisation but is subject to annual impairment testing. Any impairment is recognised immediately in the income statement and not subsequently reversed.

(n) Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the cost of sales line in the consolidated income statement.
The significant intangibles recognised by the Group and their useful economic lives are as follows:

Licenses	Over the life of the licence
Customer Relationships	3 years
Trademarks/ Brands	10 years
Websites	2 years

Capital WIP is used for assets under construction. Once all the costs for the asset are collated they are then moved to a fixed asset nominal.

(o) Impairment of non-financial assets (excluding goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

(p) Property, plant and equipment

Tangible non-current assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits are associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is provided at the following rates in order to write off each asset over its estimated useful life and is based on the cost of assets less residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. The assets' residual values and useful economic lives are reviewed and adjusted, if appropriate, at each reporting date. 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 value. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) or gains in the income statement.

Leasehold improvements	over the period of the lease
Furniture and fittings	3 – 5 years
Computer equipment	3 years
Plant and equipment	20% reducing balance/3-10 years
Transport / vehicles	3 – 7 years
Land	Nil
Buildings	10 – 40 years
Right-of-use assets	over the period of the lease

Factors including residual value, useful lives and depreciation methods for each class of plant and equipment are reviewed at least annually and adjusted when appropriate. For certain plant and equipment, the estimate of useful economic life was revised from 5 to 10 years from 1 January 2022. The directors felt this was a more accurate average life for the plant and machinery held in the Polish subsidiary. This did not impact the comparatives.

At the start of 2022 it was agreed that the Polish extraction plant would have an expected useful life of at least 10 years, especially as it never ran more than one shift a day. The depreciation policy was updated to reflect this. When individual parts of equipment have determinable useful lives, which differ from the asset as a whole, they are accounted for as separate items of plant and equipment. Land is not depreciated.

Gains and losses on disposal of items of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item at the date of disposal and recognised in profit or loss.

Assets under construction are transferred to building, production equipment, and building improvements when available for use, which is defined as when they are in the location and condition necessary to be capable of operating in the manner intended by management, and depreciation of the asset commences at that point.

(q) Non-current assets held for sale

Non-current assets are classified as held for sale when the Board plans to sell the assets and no significant changes to this plan are expected. The assets must be available for immediate sale, an active programme to find a buyer must be underway and be expected to be concluded within 12 months with the asset being marketed at a reasonable price in relation to the fair value of the asset.

Non-current assets classified as held for sale are measured at the lower of their carrying amount immediately prior to being classified as held for sale and fair value less costs of disposal. Following their classification as held for sale, non-current assets are not depreciated.

(r) Provisions

In the period to 31 December 2022, the Group has recognised a provision for inventory and receivables. Inventory is reviewed monthly for any items that are due to expire, for items less than 6 months a provision of 25% is added. For expiry dates less than 3 months the provision is increased to 50%. A bad debt provision is added once a receivable is overdue by more than 180 days or there is an indication earlier that payment may be at risk.

(s) Loans and receivables

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised as stated above. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model.

The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Cash and cash equivalents include cash in hand and deposits held with banks.

(t) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

(u) Financial liabilities

Financial liabilities include trade payables, and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost.

Bank borrowings are initially recognised at fair value and are subsequently measured at amortised costs using the effective interest method. Interest expense includes initial transaction costs and any premium payable on redemption as well as any interest payable while the liability is outstanding.

(v) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any directly attributable selling expenses.

(w) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(x) Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. Deferred tax balances are only recognised when they are expected to be allocated in the near future.

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities recorded for reporting purposes and the amounts used for tax purposes.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

(y) Share capital
The Company's ordinary shares are classified as equity instruments.

(z) Subsidiaries
A subsidiary is an entity whose operating and financing policies are controlled by the Group. Subsidiaries are consolidated from the date on which control was transferred to the Group. Subsidiaries cease to be consolidated from the date the Group no longer has control. Intercompany transactions, balances and unrealised gains on transactions between Group companies have been eliminated on consolidation. The Group applies the acquisition method to account for business combinations.

(aa) Operating profit
Operating profit is stated after all expenses, but before financial income or expenses. Highlighted items are items of income or expense which because of their nature and the events giving rise to them, are not directly related to the delivery of the Group's service to its customers and merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

(bb) Earnings per share
Basic earnings per share values are calculated by dividing net profit/(loss) for the year attributable to Ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year.

(cc) Foreign currency translation
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the actual rate on the date of transaction.

The exchange differences arising from the retranslation of the opening net investment in subsidiaries and on income and expenses during the year are recognised in other comprehensive income and taken to the "translation reserve" in equity. On disposal of a foreign operation the cumulative translation differences are transferred to the income statement as part of the gain or loss on disposal.

(dd) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments as identified by the Board of Directors.

2 Critical accounting judgements and estimation uncertainty

The preparation of these consolidated financial statements requires the use of estimates and judgements that affect the application of the group's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Share based payments (Note 22)

The group uses the Black-Scholes Option-Pricing Model to determine the grant date fair value of share-based compensation.
Key management believe that there will not be only one acceptable choice for estimating the fair value of share- based payment arrangements. The judgements and estimates that management apply in determination of the share-based compensation are summarised below:

- Selection of valuation model;
- Making assumptions used in determining the variables used in a valuation model:
  - Expected volatility;
  - Risk-free interest rate;
  - Fair value (based on its share value as though it was vested at the grant date); and
  - Expected option life.

(b) Accruals (Note 17)

In order to provide for all valid liabilities which exist at the balance sheet date, the Group is required to accrue for certain costs or expenses which have not been invoiced and therefore the amount of which cannot be known with certainty. Such accruals are based on management's best estimate and past experience. Delayed billing in some significant expense categories such as utility costs can lead to sizeable levels of accruals. The total value of accruals as at the balance sheet date is set out in note 17.

(c) Useful lives of Right-of-use assets, property, plant and equipment (Note 12)
Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Right-of-use assets are depreciated over the life of the lease. The life of the lease is the minimum committed lease period.

(d) Impairment reviews (Note 11 and 12)
In carrying out an impairment review in accordance with IAS 36 it has been necessary to make estimates and judgements regarding the future performance and cash flows generated by individual trading units which cannot be known with certainty.

All assets (ROU, fixed assets and goodwill) are reviewed for impairment in accordance with IAS 36 Impairment of Assets, when there are indications that the carrying value may not be recoverable. Impairment charges are recognised in the statement of comprehensive income.

(e) Goodwill impairment reviews (Note 11)
The Group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate. Full details are supplied in note 11, together with an analysis of the key assumptions.

(f) Lease liabilities (Note 1(e) and Note 14)
The calculation of lease liabilities requires the Group to determine an incremental borrowing rate (“IBR”) to discount future minimum lease payments. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR rate of 2.03% therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. As at 31 December 2022, no leases had longer than 12 months left therefore they continued at their existing rates.

(g) Inventory and bad debt provision
Inventory is reviewed monthly for any items that are due to expire, for items less than 6 months a provision of 25% is added. For expiry dates less than 3 months the provision is increased to 50%.
A bad debt provision is added once a receivable is overdue by more than 180 days.

Notes to the financial statements

For the Year ended 31 December 2022

3 Revenue, other income and segmental analysis

The majority of sales are derived from the UK. Clinic sales are currently exclusively in the UK and less than 5% of product and CBD testing were derived from the EU in 2022.
An analysis of the Group's total revenue is as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Sale of CBD goods	**281,360**	704,554
Sale of CBD testing services	**112,634**	198,945
Sale of health testing services	**9,530,257**	15,817,711
Sale of hand sanitiser goods	**107,137**	336,850
	10,031,388	17,058,060

An analysis of the Group's other income is as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Accrual reversal for closed legal case in Poland	153,894	-
Assets held for sale proceeds	121,193	2,766
Joint Venture Settlement	-	201,024
Coronavirus Job Retention Scheme (CJRS) and Business Grants	**-**	25,852
	275,087	**229,642**

Olimax NT and Olimax RE merged on 31 December 2021, to become Olimax NT. The Company received a settlement value from the joint venture held by Borganic Inc. of £201,024 prior to Borganic being dissolved.

4 Operating loss

This has been arrived at after charging	**Year ended 31 December 2022**	Year ended 31 December 2021
	£	**£**
Staff costs (Note 7)	**2,503,545**	2,416,958
Amortisation of intangible assets (Note 11)	**38,495**	270,189
Depreciation property, plant and equipment (Note 12)	**504,180**	772,101
Net foreign exchange loss	**33,660**	480,508
Auditor remuneration:		
Audit fee - Parent Company	**-**	-
- Group financial statements	**59,500**	68,280
- Subsidiary undertaking	**49,500**	67,756
Audit related assurance services	**-**	-
Taxation compliance services	**3,074**	21,705

5 Exceptional items – charged to operating expenses

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Impairment of Goodwill (note 11)	**572,072**	142,900
Impairment of intangible assets (note 11)	**3,502**	475,478
Impairment of tangible assets (note 12)	**597,114**	275,952
Impairment of Polish stock (note 15)	**300,000**	-
	1,472,688	894,330

The above items have been highlighted to give more detail on items that are included in the consolidated statement of comprehensive income and which when adjusted shows a profit or loss that reflects the ongoing trade of the business.

The impairment of intangible, tangibles assets and stock noted above relate to the reduction in value of assets and stock in relation to the Polish business sale.

6 Finance income and expense

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Interest receivable	**-**	-
Interest payable	**2,584**	13,022
	2,584	13,022

7 Employees

Staff costs (including Directors) consist of:	**Year ended 31 December 2022 £**	Year ended 31 December 2021 £
Wages and salaries	**2,192,155**	1,900,816
Social security costs	**215,604**	165,237
Other pension costs	**74,506**	74,287
Equity settled share based payment expense	**21,280**	276,618
Total	**2,503,545**	2,416,958

The average number of persons, including Directors, employed by the Group during the period was 52 of which 18 were operations staff and 34 were head-office (2021 – 58 of which 24 were operations staff and 34 were head-office staff). Of the total staff costs £347,961 was classified as cost of sales (2021 - £405,514) and £2,155,584 as operating expenses (2021 - £2,011,444).

8 Directors and key management personnel remuneration

Key management personnel identified as the Directors are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and represent the Directors of the Group listed on page 2. The remuneration of the Directors for the period ended 31 December 2022 is as follows:

	Emoluments	**Bonus**	**Settlement**	**Share based payments**	**Pensions**	**Benefits**	**Social security costs**	**2022 Total**	2021 Total
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**	£
Geremy Thomas	24,000	-	-	-	-	-	2,174	26,174	19,715
Marc Howells	142,115	2,500	100,000	-	3,954	815	29,502	278,886	513,641
Anne Tew	125,538	17,000	-	6,047	3,414	601	19,382	171,982	192,387
George Thomas	96,250	73,495	-	6,444	1,321	249	22,557	200,316	184,482
Clive Standish	36,000	-	-	-	-	-	3,918	39,918	36,437
Mark Blower	36,000	-	-	-	893	-	3,918	40,811	38,480
Henry Lees-Buckley	-	-	-	-	-	-	-	-	148,240
Angus Kerr	-	-	-	-	-	-	-	-	12,000
Joseph Colliver	-	-	-	-	-	-	-	-	59,742
Jonathan Wearing	-	-	-	-	-	-	-	-	21,414
Total	**459,903**	**92,995**	**100,000**	**12,491**	**9,582**	**1,665**	**81,451**	**758,087**	1,226,538

Geremy Thomas was paid £156,000 consulting fees through Carbon Managers Limited in addition to the remuneration above (Note 24 Related parties), (2021: £217,000)

Highest paid director £278,887, (2021: £513,641)

At the year end 4 directors were included in the company NEST pension scheme (2021: 5) and 5 directors held EMI options and/or growth shares (2021: 5).

Goodbody Health Limited

Notes to the financial statements
For the Year ended 31 December 2022

9 Income tax expense

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
UK Corporation tax	**-**	67,634
Adjustment in respect to previous years	**(264,150)**	-
Total current tax credit / (expense)	**(264,150)**	67,634
Deferred tax		
Origination and reversal of temporary differences	**-**	-
Total deferred tax	**-**	-
Total income tax credit	**-**	-

The tax credit for the period is higher than the standard rate of (2021 – higher than) corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Loss before tax	**(4,494,687)**	(2,246,746)
Tax on loss at the ordinary rate of corporation tax in UK of 19% (2021 – 19%)	**(853,991)**	(407,857)
Reverse previous year provision	**264,150**	-
Effects of		
Expenses not deductible for tax	**(197,825)**	(117,721)
Depreciation on assets not qualifying for tax allowances	**1,697**	-
Amortisation on assets not qualifying for tax allowances	**(727)**	-
NBV of assets transferred between group companies	**(5,959)**	-
Capital allowances super deduction	**(10,969)**	-
Deferred tax not recognised	**1,066,573**	640,954
Losses transferred under succession rules	**-**	-
Capital losses no longer available	**1,201**	-
R&D Tax credit	**-**	(47,742)
Total tax credit / (expense)	**264,150**	67,634

Factors effecting future tax charges

In March 2023 it was confirmed that corporation tax rate would increase to 25% in April 2023 for profits over £250,000.

10 Dividend

No final dividend has been proposed by the Directors (2021 – £nil).

Goodbody Health Limited

Notes to the financial statements
For the Year ended 31 December 2022

11 Intangible assets

Group	Customer relationships	Brands	Licence	Websites	Goodwill	Total
	£	£	£	£	£	£
Cost						
At 31 December 2020	800,000	35,000	-	-	714,972	1,549,972
Additions	-	2,671	8,812	-	-	11,483
At 31 December 2021	800,000	37,671	8,812	-	714,972	1,561,455
Amortisation						
At 31 December 2020	66,667	3,208	-	-	-	69,875
Amortisation	266,667	3,522	-	-	-	270,189
At 31 December 2021	333,334	6,730	-	-	-	340,064
Impairments						
At 31 December 2020	-	-	-	-	-	-
Impairments	466,666	-	8,812	-	142,900	618,378
At 31 December 2021	466,666	-	8,812	-	142,900	618,378
Net book value						
At 31 December 2020	733,333	31,792	-	-	714,972	1,480,097
At 31 December 2021	-	30,941	-	-	572,072	603,013

Goodbody Health Limited

Notes to the financial statements

For the Year ended 31 December 2022

11 Intangible assets (continued)

Group	Customer relationships	Brands	Licence	Websites	Goodwill	Capital WIP	Total
Cost	£	£	£	£	£	£	£
At 31 December 2021	800,000	37,671	8,812	-	714,972	-	1,561,455
Additions	-	-	3,502	1,135	-	57,750	62,387
Transfer between group companies	-	-	-	(10,208)	-	-	(10,208)
Transfer website asset from tangible assets	-	-	-	112,616	-	(57,750)	54,866
Disposals	-	-	-	(22,556)	-	-	(22,556)
Foreign exchange differences	-	147	-	-	-	-	147
At 31 December 2022	800,000	37,818	12,314	80,987	714,972	-	1,646,091
Amortisation							
At 31 December 2021	333,334	6,730	-	-	-	-	340,064
Amortisation	-	3,782	-	34,713	-	-	38,495
Transfer website asset from tangible assets	-	-	-	26,401	-	-	26,401
Disposals	-	-	-	(22,557)	-	-	(22,557)
Transfer between group companies	-	-	-	(10,208)	-	-	(10,208)
At 31 December 2022	333,334	10,512	-	28,349	-	-	372,195
Impairments							
At 31 December 2021	466,666	-	8,812	-	142,900	-	618,378
Impairments	-	-	3,502	-	572,072	-	575,574
At 31 December 2022	466,666	-	12,314	-	714,972	-	1,193,952
Net book value							
At 31 December 2021	-	30,941	-	-	572,072	-	603,013
At 31 December 2022	-	27,306	-	52,638	-	-	79,944

The recoverable amount of goodwill has been impaired to nil in 2022 as due to the unpredictable nature of the sector in which the units operate, the cashflow forecasts show that these companies are not expected to generate profits in the next 2 years. The CBD market has been stagnant for the last three years and although losses are expected to move to a break even position, there is still no expectation that these investments will be realised.

Goodbody Health Limited

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12 Property, plant and equipment and right-of-use assets

Group	Furniture and fittings £	Computer equipment £	Leasehold improvements £	Plant and machinery £	Vehicles £	Land £	Buildings £	Assets under construction £	Right-of-use assets £	Total £
Cost										
At 31 December 2020	**24,606**	**102,132**	**217,530**	**2,589,895**	**20,811**	**4,062**	**568,758**	**97,920**	**682,654**	**4,308,368**
Additions	920	33,132	-	25,822	52,032	-	2,377	127,881	26,627	268,791
Transfer from assets under construction	-	19,055	-	45,765	19,440	-	83,446	(167,706)	-	-
Disposals	(2,220)	(32,833)	(8,830)	(114,425)	-	-	(25,134)	(32,870)	(26,862)	(243,174)
Movement to assets held for sale	-	(840)	-	(5,286)	-	-	-	-	-	(6,126)
Foreign exchange differences	-	(72)	(52)	(178,718)	(1,679)	(328)	(38,804)	(7,897)	(3,603)	(231,154)
At 31 December 2021	**23,306**	**120,574**	**208,648**	**2,363,053**	**90,604**	**3,734**	**590,643**	**17,328**	**678,816**	**4,096,706**
Depreciation										
At 31 December 2020	8,355	37,992	63,887	179,560	886	-	2,096	-	174,531	467,307
Depreciation expense	6,789	39,613	55,235	446,965	18,665	-	15,844	-	189,525	772,636
Disposals	(925)	(21,902)	(8,830)	(24,469)	-	-	-	-	(26,497)	(82,623)
Foreign exchange differences	-	(5)	(25)	(3,832)	(71)	-	(244)	-	(535)	(4,712)
At 31 December 2021	**14,219**	**55,698**	**110,267**	**598,224**	**19,480**	**-**	**17,696**	**-**	**337,024**	**1,152,608**
Net book value										
At 31 December 2020	16,251	64,140	153,643	2,410,335	19,925	4,062	566,662	97,920	508,123	3,841,061
At 31 December 2021	**9,087**	**64,876**	**98,381**	**1,764,829**	**71,124**	**3,734**	**572,947**	**17,328**	**341,792**	**2,944,098**

12 Property, plant and equipment and right-of-use assets (continued)

Group	Furniture and fittings	Computer equipment	Leasehold improvements	Plant and machinery	Vehicles	Land	Buildings	Assets under construction	Right-of-use assets	Total
Cost	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**
At 31 December 2021	**23,306**	**120,574**	**208,648**	**2,363,053**	**90,604**	**3,734**	**590,643**	**17,328**	**678,816**	**4,096,706**
Additions	-	3,328	-	35,328	247	-	4,619	237,203	-	280,725
Transfers between group companies	(13,723)	(29,633)	(62,447)	(23,260)	(15,750)	-	-	-	(361,274)	(506,087)
Transfer from assets under construction	-	-	-	187,754	-	-	-	(245,503)	-	(57,749)
Transfer to intangibles	-	(54,866)	-	-	-	-	-	-	-	(54,866)
Disposals	(2,579)	(5,792)	(38,799)	(71,074)	(38,341)	-	-	(9,556)	(134,413)	(300,554)
Prior year adjustments	164	357	1,009	6,890	-	-	-	-	-	8,420
Foreign exchange differences	-	-	-	70,355	1,760	132	20,914	528	-	93,689
Transfer to assets held for sale	-	-	-	(1,537,134)	(13,046)	(3,866)	(616,176)	-	-	(2,170,222)
At 31 December 2022	**7,168**	**33,968**	**108,411**	**1,031,912**	**25,475**	**-**	**-**	**-**	**183,129**	**1,390,062**
Depreciation and impairment										
At 31 December 2021	**14,219**	**55,698**	**110,267**	**598,224**	**19,480**	**-**	**17,696**	**-**	**337,024**	**1,152,608**
Depreciation expense	4,369	16,554	56,195	228,679	15,209	-	16,582	-	166,592	504,180
Transfer to intangibles	-	(26,401)	-	-	-	-	-	-	-	(26,401)
Disposals	186	(3,636)	(27,698)	(35,588)	(4,621)	-	-	-	(67,662)	(139,019)
Transfers between group companies	(13,723)	(29,633)	(62,447)	(23,260)	(15,750)	-	-	-	(361,274)	(506,087)
Foreign exchange differences	-	(2)	-	21,818	(157)	-	1,262	-	-	22,921
Transfer to assets held for resale	-	-	-	(624,556)	(5,669)	-	(35,540)	-	-	(665,765)
Impairment	-	-	-	597,114	-	-	-	-	-	597,114
At 31 December 2022	**5,051**	**12,580**	**76,317**	**762,431**	**8,492**	**-**	**-**	**-**	**74,680**	**939,551**
Net book value										
At 31 December 2022	**2,117**	**21,388**	**32,094**	**269,480**	**16,983**	**-**	**-**	**-**	**108,449**	**450,511**
At 31 December 2021	9,087	64,876	98,381	1,764,829	71,124	3,734	572,947	17,328	341,792	2,944,098

During the Year ended 31 December 2022, the Group recognised an impairment charge of £597,114 (2021: £nil) to reduce the book value of property, plant and equipment in relation to the Polish subsidiaries, Olimax NT and Sativa Wellness Poland to its recoverable amount based on the post year end sale of the Polish subsidiaries.

The total carrying value of the assets before impairment was £2,097,114 (2021: £2,188,675). These have been impaired to their net realisable value of £1,500,000 (£2021: £2,188,675) and moved to assets held for sale.

The key judgements and estimates in the inputs in calculating the impairments are outlined in note 2(d).

13. Assets held for sale

Group	£
At 31 December 2020	243,797
Additions	6,126
Disposals	(4,753)
Impairment	(179,159)
Exchange difference	(19,666)
At 31 December 2021	46,345
Additions	746
Disposals	(46,679)
Exchange difference	(412)
Transfer from tangible assets	1,504,457
At 31 December 2022	1,504,457

As at 31 December 2021 the Company had excess electricity generating, farming, laboratory and indoor grow equipment that was held for sale. The Company valued the equipment at fair value less cost of disposal and sold these assets during 2022.

The assets held for sale at 31 December 2022 are the fixed assets held in Olimax NT and Sativa Wellness Poland as a contract was signed on 16th December 2022 to divest the Polish CBD operations, Olimax NT, to Voyager Life PLC for £1,500,000. Since this agreement was signed the two companies have completed a merger. The sale was subject to polish ministry authorisations which are still in progress. Control passed post year end on 1 January 2023.

14 Leases

	31 December 2022 £	31 December 2021 £
Current		
Lease liabilities	**103,833**	152,111
	103,833	152,111
Non-current		
Lease liabilities	**-**	184,842
	-	184,842
Due within one year	**103,833**	152,111
Due two to five years	**-**	184,842
Due over five years	**-**	-
	103,833	336,953

Two leases remaining as of 31 December 2022. The head office lease expires in November 2023 and the lease for the Bath store expires in May 2023. Neither have extension options although the head office lease will be extended.

Lease liabilities are measured at present value of the remaining lease payments discounted using the Group's incremental borrowing rate of 2.03% associated with the lease (2021: 2.03%). The lease liabilities as at 31 December 2022 were £103,833 (2021: £336,953).

15 Inventories

	31 December 2022 £	31 December 2021 £
Raw materials	**55,965**	221,091
Work in progress	**-**	231,316
Finished goods	**45,863**	136,310
Total	**101,828**	588,717

Inventory expensed to cost of sales during the year ended 31 December 2022 amounted to £770,828 (December 31, 2021 - £387,000).

The total above includes a general inventory provision of £57,334 (2021: £35,995). There is an exceptional £300,000 provision that relates to the inventory in Poland to write the inventory down to its net realisable value based on a post year-end sale of the entity.

16 Trade and other receivables

	31 December 2022 £	31 December 2021 £
Group		
Trade receivables	**49,840**	277,810
VAT recoverable	**16,579**	144,597
Prepayments and other receivables	**120,713**	170,517
Total trade and other receivables	**187,132**	592,924

17 Trade and other payables

	31 December 2022 £	31 December 2021 £
Group		
Trade payables	**147,028**	800,886
Taxations and social security	**33,504**	68,367
Accruals and deferred income	**253,455**	1,975,871
Other payables	**232,262**	325,359
Corporation tax	**-**	267,376
Total trade and other payables	**666,249**	3,437,859

18 Earnings per share

	2022 Number	**2021 Number**
Group		
Weighted average number of shares	36,496,276	346,184,976
	Pence	**Pence**
Basic/diluted loss per share	10.8	0.62

The basic/diluted loss per share have been calculated using the loss after tax attributable to shareholders of Goodbody Health Limited as the numerator, i.e. no adjustments to profits / (losses) were necessary in 2021 or 2022. The calculation of the basic/diluted loss per share is based on the loss attributable to shareholders divided by the weighted average number of shares in issue during the year.

19 Share capital

	Number Ordinary	£
Called up and fully paid:		
Ordinary shares	302,592,941	12,915,426
Ordinary shares issued	62,369,211	2,208,976
At 31 December 2021	**364,962,152**	**15,124,402**
10 to 1 consolidation	(328,465,876)	-
At 31 December 2022	**36,496,276**	**15,124,402**

There was a 10 to 1 share consolidation on 18 August 2022.

20 Reserves

Share capital comprises of the nominal value of the issued shares.

Cumulative gains and losses recognised in the income statement are shown in the Retained deficit reserves, together with other items taken direct to equity.

21 Pensions

The Group made contributions of £9,582 (2021 - £9,768) to the personal pension plan of the Directors. During the year the Group made contributions to employee pensions of £74,506 (2021 - £74,287). As at 31 December 2022, contributions of £1,402 due in respect of the current reporting period had not been paid over to the schemes (2021 - £10,713).

22 Share based payments

Options:	**Weighted average exercise price £**	**Number**
At 31 December 2020	**0.03**	**41,043,000**
Lapsed	0.03	(14,708,062)
Exercised	0.04	(1,675,350)
Issued	0.04	12,243,873
At 31 December 2021	**0.04**	**36,903,461**
Cancelled	0.72	(303,351)
10 to 1 consolidation	-	(32,943,111)
Lapsed	-	-
At 31 December 2022	**0.31**	**3,656,999**

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Warrants:	Weighted average exercise price £	Number
At 31 December 2020	**0.12**	**13,426,033**
Lapsed	-	-
Cancelled	-	-
Issued	0.06	35,891,344
At 31 December 2021	**0.08**	**49,317,377**
10 to 1 consolidation	-	(44,385,633)
Lapsed	1.42	(1,032,857)
Cancelled	0.40	(144,718)
At 31 December 2022	**0.67**	**3,754,169**

The exercise price of options outstanding at the end of the period ranged between £0.15 and £1.94 (2021 – £0.15 and £7.20) and their weighted average remaining contractual life was 3.1 years (2020 – 4 years).

Of the total number of options outstanding at the end of period 3,584,028, (2021 – 3,533,102) had vested and were exercisable at the end of the period.

The exercise price of warrants outstanding at the end of the period ranged between £0.64 and £0.68 (2021 – £0.60 and £1.40) and their weighted average remaining contractual life was 0.3 years (2021 – 1.2 years).

Of the total number of warrants outstanding at the end of period 3,754,169, (2021 – 4,931,738) had vested and were exercisable at the end of the period.

2021 data has been adjusted for the 10 to 1 consolidation for comparative purposes.

The market price of the Company's ordinary shares as at 31 December 2022 was 2.5p and the range during the financial year was from 2.5p to 37.5p (as at 31 December 2021 was 36p and the range during the financial year was from 33.5p to 69p). Comparative figures have been restated on the basis of 1 for 10 conversion to make it comparable.

No option was exercised in 2022 (2021 £nil) and no shares granted in 2022 (2021 – £493,365).

On 9 April 2021, the company announced the closure of the first tranche of the Company's non-brokered private placement of units ("the Offering") dated 31 March 2021. In this first tranche, the Company issued an aggregate of 45,888,730 Units at a price of C$0.07875 (£0.0454) per Unit, for aggregate gross proceeds of C$3,613,737 (£2,084,419). In connection with this first tranche of the Offering, the Company issued and paid 2,531,098 finder's units and 2,531,098 finder's warrants. On 21 May 2021, the second tranche of the Company's non-brokered private placement of units was closed dated 20 May 2021. In this second tranche, the Company issued an aggregate of 12,701,557 Units at a price of C$0.07875 (£0.046) per Unit, for aggregate gross proceeds of C$1,000,248 (£584,295). In connection with this final tranche of the Offering, the Company issued and paid 901,587 finder's units and 901,587 finder's warrants. Together with the first tranche closing of the Offering announced by the Company on 9 April 2021, the Company issued an aggregate 58,590,287 Units at a price of C$0.07875 (£0.0455) per Unit, for aggregate gross proceeds of C$4,613,985 (£2,665,903). The proceeds were inclusive of cash transaction costs incurred of C$49,164 (£28,406).

Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant will entitle the holder to purchase one common share in the capital of the Company at a price of C$0.105 (£0.61) per one common share purchase warrant until 20 May 2023. Each Finder's Unit consists of one common share and one-half of one Finder's Warrant. Each whole Finder's Warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.105 (£0.61) per Finder's Warrant Share, until 20 May 2023.

In connection with the Offering the Company used the Black-Scholes valuation method to measure the various instruments issued based on the following inputs:

For the first tranche of common shares and one-half warrants and related broker units

Risk-free interest rate: 0.24%
Expected volatility: 98.12%
Exercise price: C$0.105 (£0.61)
Estimated life: 2.00 years
Expected dividend yield: C$nil

For the first tranche of broker warrants

Risk-free interest rate: 0.24%
Expected volatility: 98.12%
Exercise price: C$0.105 (£0.61)
Estimated life: 2.00 years
Expected dividend yield: C$nil

For the second tranche of common shares and one-half warrants and related broker units

Risk-free interest rate: 0.33%
Expected volatility: 97.69%
Exercise price: C$0.105 (£0.61)
Estimated life: 2.00 years
Expected dividend yield: C$nil

For the second tranche of broker warrants

Risk-free interest rate: 0.33%
Expected volatility: 97.69%
Exercise price: C$0.105 (£0.61)
Estimated life: 2.00 years
Expected dividend yield: C$nil

The expected volatilities of all of instruments above was determined based on an assessment of volatility measures from a peer group of public companies in the United Kingdom and North America.

All securities issued in connection with the Offering were subject to a statutory hold period expiring on 21 September 2021.

23 Financial instruments

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and

Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value of cash, cash equivalents, trade receivables, accounts payable, accrued liabilities, and other current liabilities approximate fair value due to the short-term nature of the financial instruments. Discussions of risks associated with financial assets and liabilities are detailed below:

Financial assets	**31 December 2022**	31 December 2021
	£	£
Cash and cash equivalents	**1,553,033**	6,068,172
Trade and other receivables	**106,286**	302,182
Total financial assets	**1,659,319**	6,370,354

Financial liabilities (amortised cost)		
Trade and other payables	**592,203**	2,358,185
Finance leases	**103,833**	336,953
Total financial liabilities	**696,036**	2,695,138

Credit risk

Credit risk is the measure of the credit worthiness of the borrowing and the possibility of resulting loss which arises from amounts owed by customers, sales tax, cash held with banks and financial institutions and receivables. The maximum exposure to credit risk is equal to the carrying value of these financial assets. Most income is received in advance and credit accounts are only offered to customers with a low risk profile. The Group's cash and cash equivalents are held with major UK banks. The board takes a low risk approach to cash equivalents and they are held in low risk investment accounts.

Trade and other receivables are disclosed in note 16 and represent the maximum credit exposure for the Group.

The following table sets out the ageing of trade receivables:

Ageing of receivables	**31 December 2022 £**	31 December 2021 £
<30 days	**55,706**	104,641
31-60 days	**9,099**	21,839
61-120 days	**41,651**	1,460
>120 days	**(170)**	174,242
	106,286	302,182

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its current obligations as they become due. The majority of the Group's accounts payable and accrued liabilities are payable in less than ninety days. The Group prepares monthly forecasts and monitors expenditures to manage short-term liquidity. Due to the nature of the Group's activities, funding for long-term investment needs is dependent on the Group's ability to obtain additional financing through various means, including equity financing.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months £	**Between 3 and 12 months £**	**Between 1 and 2 years £**	**Between 2 and 5 years £**	**Over 5 years £**
Trade & other payables	569,744	3,120	10,049	9,290	
Finance leases	35,370	68,463	-	-	-
As at 31 December 2022	**605,114**	**71,583**	**10,049**	**9,290**	**-**

	Up to 3 months £	**Between 3 and 12 months £**	**Between 1 and 2 years £**	**Between 2 and 5 years £**	**Over 5 years £**
Trade & other payables	2,106,347	118,715	122,270	10,853	-
Finance leases	51,962	100,149	184,842	-	-
As at 31 December 2021	**2,158,309**	**218,864**	**307,112**	**10,853**	**-**

Currency and foreign exchange risk

Currency risk is the possibility of losing money due to unfavourable moves in exchange rates. A portion of the Group's financial assets and liabilities are denominated in other currencies, mainly Polish Zloty and Canadian Dollars. Cash is also generated in different currencies than required to meet costs including Euros. The Group monitors this exposure and plans the exchange of cash between currencies to utilise the best available rates in advance but has no hedge positions.

Interest rate risk

The Group seeks to minimise interest costs by regularly reviewing cash balances. The Group does not have any external loans or borrowings.

Capital management

The Group defines its capital as shareholders' equity. The Group manages its capital structure and makes adjustments to it, based on the funds available to the Group, in order to support the growth of the business and finance future expansion while maintaining strong creditor relationships and shareholder return. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Group's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable. The Group is not subject to externally imposed capital requirements and there has been no change with respect to the capital management strategy during the year to 31 December 2022.

24 Related party transactions

The Directors are considered to be the key management personnel. Details of directors' remuneration are shown in Note 8.

The Group pays fees and rent to a number of companies considered related parties by virtue of the interests held by the Directors in such companies. The Group also reimburses expenses incurred by such companies on behalf of the Group.

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Rent, fees and hospitality		
- Manufacturing and office rent – Carbon Managers Limited	**117,732**	113,000
- Consultancy fees – Carbon Managers Limited	**156,000**	217,000
- Hospitality shoot – Dairy House Farm Estate	**650**	12,915
- Recharged expenses and sales costs	**3,110**	25,805
- Canada overseas living allowance and accommodation	**61,368**	-
Total	**338,860**	368,720
Balance due to related parties at year end	**-**	-

The rent paid to related parties are considered to be a reasonable reflection of the market rate for the properties.

Carbon Managers Limited and Dairy House Farm Estate are owned by Geremy Thomas a Director and Non-Executive Chairman.

25 Reconciliation of loss before tax to net cash inflow / (outflow) from operating activities

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Group		
Loss before tax	**(4,494,687)**	(2,246,746)
Share based payment charge	**21,280**	276,618
Depreciation of property plant and equipment	**504,180**	772,101
Amortisation of intangible assets	**38,495**	270,189
Impairment of goodwill	**572,072**	142,900
Impairment of intangible assets	**3,502**	475,478
Impairment of property, plant and equipment	**597,114**	275,952
Impairment of loans	**-**	(80,000)
Impairment of inventory	**372,022**	76,066
Loss on sale of property plant and equipment	**105,728**	33,880
Decrease / (increase) in inventories	**114,867**	(286,415)
Decrease / (increase) in assets held for sale	**46,345**	-
Decrease / (increase) in trade and other receivables	**405,792**	(186,242)
(Decrease) / Increase in trade and other payables	**(2,504,234)**	1,897,076
Adjustments to lease liabilities (note 26)	**(71,143)**	-
Foreign exchange loss	**220,040**	377,574
Fair value gain on investments	**(1,050)**	(3,379)
Other non cash movements	**(51,301)**	-
Corporation tax reversal of provision/received	**-**	47,742
Net cash used in/generated from operating activities	**(4,120,978)**	1,842,794

26 Reconciliation of financing activity

	Lease liabilities Due within 1 year	**Lease liabilities Due within 1 year**	**Total**
	£	**£**	**£**
Net debt as at 31 December 2020	**168,919**	**330,721**	**499,640**
Cashflow	(29,661)	(172,506)	(202,167)
Addition / (decrease) to lease liability	12,853	26,627	39,480
Net debt as at 31 December 2021	152,111	184,842	336,953
Cashflow	(50,862)	(111,115)	(161,977)
Addition / (decrease) to lease liability	2,584	(73,727)	(71,143)
Net debt as at 31 December 2022	**103,833**	**-**	**103,833**

27 Post Balance Sheet Events

Goodbody Group Ltd assets were transferred to Goodbody Health Limited and Goodbody Wellness Limited as of 31st December 2022, Goodbody Group Ltd ceased trading 1st January 2023 and its subsidiaries were transferred to be direct subsidiaries of Goodbody Health Limited.

A contract was signed on 16th December 2022 to divest the Polish CBD operations, Olimax NT, to Voyager Life PLC to sell the two Polish subsidiaries for £1,500,000. Since this agreement was signed the two companies have completed a merger. The sale was subject to Polish ministry authorisations which are still in progress. Control passed post year end on 1 January 2023.

28 Ultimate Controlling party

Goodbody Health Limited is the parent company of the Group and has no shareholder has 25% or more there is no controlling party.