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This document has been drawn up as part of a simplified prospectus ("**Prospectus**") in accordance with Article 14 of Regulation (EU) 2017/1129 as it forms part of retained EU law as defined in the EUWA 2018 (the "**UK Prospectus Regulation**") relating to Kanabo Group plc ("**Kanabo**" or the "**Company**"), prepared and made available to the public in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of FSMA. This document has been approved by the Financial Conduct Authority (the "**FCA**") as competent authority under the UK Prospectus Regulation. The FCA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation and such approval shall not be considered as an endorsement of the issuer that is the subject of this prospectus or of the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the New Ordinary Shares.

This Prospectus has been approved by the FCA of 12 Endeavour Square, London E20 1JN, as competent authority under the UK Prospectus Regulation. Contact information relating to the FCA can be found at <http://www.fca.org.uk/contact>.

The Company and its directors whose names appear on page 36 of this Prospectus (the "**Directors**") accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Company are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading.

**Prospective investors should read the entire document and, in particular, the section headed "Risk Factors" on pages 8 to 24 of this Prospectus when considering an investment in the Company.**

Certain information in relation to the Company has been incorporated by reference into this Document. You should refer to the part of this document headed 'Documents Incorporated by Reference' which can be found on pages 118-119 of Part VIII of this Document.

## **KANABO GROUP PLC**

(Incorporated in England and Wales with Registered No. 10485105)

Proposed issue of 38,461,492 Ordinary Shares ("**2020 Deferred Consideration Shares**") in connection with the acquisition of Kanabo Research Limited (the "**Kanabo Research Acquisition**") and proposed issue of 72,831,186 Ordinary Shares ("**Outstanding Consideration Shares**") in connection with the acquisition of The GP Service (UK) Ltd (the "**GP Services Acquisition**") (together "**New Ordinary Shares**")

The ordinary shares in the capital of the Company with a nominal value of £0.025 each (the "**Existing Ordinary Shares**") are listed on the Official List (by way of a Standard Listing) maintained by the FCA and traded on the London Stock Exchange plc's (the "**London Stock Exchange**") Main Market for listed securities. Application will be made to the FCA and to the London Stock Exchange for the Outstanding Consideration Shares with a nominal value of £0.025 each to be admitted to the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange ("**Admission**"). Further, application will be made to the FCA and to the London Stock Exchange for the 2020 Deferred Consideration Shares with a nominal value of £0.025 each to be admitted to the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange, subject to the approval of the Enlarged Shareholders at the 2023 AGM. Except where the context requires otherwise, references in this Prospectus to "**Ordinary Shares**" will be deemed to include the Existing Ordinary Shares and the New Ordinary Shares.

It is expected that Admission will become effective and that dealings for normal settlement in the Outstanding Consideration Shares will commence at 8.00 a.m. (London time) on or around 28 June 2023. No application is currently intended to be made for the New Ordinary Shares to be admitted to listing or dealing on any other exchange. The Company will comply with its obligation to publish a further supplementary prospectus containing further updated information required by law or any regulatory authority but assumes no further obligation to publish additional information.

All Ordinary Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the Ordinary Share capital of the Company and the:

- Outstanding Consideration Shares will rank pari passu in all other respects with the Existing Ordinary Shares in issue on Admission; and

- 2020 Deferred Consideration Shares will rank pari passu in all other respects with the Existing Ordinary Shares in issue on admission of the 2020 Deferred Consideration Shares, subject to the approval of the issue by the Enlarged Shareholders at the 2023 AGM.

**This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.**

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, transferred or distributed directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, Australia, Canada, the Republic of South Africa, the Republic of Ireland, Japan or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction. This Document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act. There will be no public offer in the United States. The distribution of this Document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

None of the Ordinary Shares have been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon or endorsed the merit of the offer of the Ordinary Shares or the accuracy or the adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and Rule 3.4 of the Prospectus Regulation Rules, the publication of this Prospectus does not create any implication that there has been no change in the affairs of the Company since or that the information contained herein is correct at any time subsequent to, the date of this Prospectus. Notwithstanding any reference herein to the Company's website [www.kanabogroup.com](http://www.kanabogroup.com), the information on the Company's website does not form part of this Prospectus.

#### **Notice in Connection with Israel**

The Ordinary Shares may only be offered and sold to investors in Israel who are listed in the first supplement (the "**First Supplement**") of the Israeli Securities Law, 5728-1968, as amended (the "**Israeli Securities Law**"), consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters purchasing for their own account, venture capital funds, entities with shareholders' equity in excess of 50 million new Israeli shekels and high net worth individuals who meet the qualifications specified in the Israeli Securities Law, each as defined in the First Supplement (as it may be amended from time to time, collectively referred to as the "**Eligible Investors**"). Eligible Investors shall be required to submit a written confirmation that they fall within the scope of the First Supplement.

Copies of this Prospectus will be available on the Company's website ([www.kanabogroup.com](http://www.kanabogroup.com)) and the National Storage Mechanism of the FCA at <https://data.fca.org.uk/a/nsm/nationalstoragemechanism>.

Application will be made for the New Ordinary Shares to be admitted to a Standard Listing on the Official List, provided that the application for the 2020 Deferred Consideration Shares to be admitted to a Standard Listing on the Official List will only be made if the issue receives approval of the Enlarged Shareholders at the 2023 AGM. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with premium listings on the Official List, which are subject to additional obligations under the Listing Rules.

It should be noted that the FCA will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

Dated: 13 June 2023

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## SUMMARY

<b>1</b>	<b>INTRODUCTION, CONTAINING WARNINGS</b>													
<p>On Admission the Outstanding Consideration Shares will be registered with an ISIN of GB00BYQCS703 and will trade under the symbol KNB. On admission of the 2020 Deferred Consideration Shares, subject to the approval of the Enlarged Shareholders at the 2023 AGM, the 2020 Deferred Consideration Shares will be registered with an ISIN of GB00BYQCS703 and will trade under the symbol KNB.</p> <p>The legal and commercial name of the issuer is Kanabo Group Plc ("<b>Kanabo</b>" or the "<b>Company</b>"). The Company's registered address is Churchill House, 137-139 Brent Street, London, NW4 4DJ, United Kingdom. Its legal identifier number ("<b>LEI</b>") is 213800XPJFSNWJIYKN52.</p> <p>This Prospectus was approved by the Financial Conduct Authority ("<b>FCA</b>") on 13 June 2023 (whose head office at 12 Endeavour Square, London, E20 1JN, and telephone number: +44 (0)20 7066 1000). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the "<b>UK Prospectus Regulation</b>"), and such approval should not be considered as an endorsement of the issuer that is, or of the quality of the securities that are, the subject of this Prospectus.</p> <p>This summary has been prepared in accordance with Article 7 of the UK Prospectus Regulation and should be read as an introduction to the Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the New Ordinary Shares.</p>														
<b>2</b>	<b>KEY INFORMATION ON THE ISSUER</b>													
2.1	<b>Who is the issuer of the securities?</b>													
<p><b>Issuer's Domicile, Legal Form, LEI, the Law under which it Operates and Country of Incorporation:</b> The Company was incorporated with limited liability under the laws of England and Wales on 17 November 2016 with registered number 10485105 as a public limited company under the Companies Act 2006, as amended ("<b>Companies Act</b>"). The Company is domiciled in the United Kingdom. Its LEI is 213800XPJFSNWJIYKN52.</p>														
<p><b>Issuer's Principal Activities:</b> The Company, through its wholly owned subsidiary Kanabo Research Limited ("<b>Kanabo Research</b>"), is a research and development company currently selling a range of THC-Free Retail CBD Products, Medical Cannabis formulation and Telehealth Services in the Primary Markets and is in the process of researching and developing further Medical Cannabis Products. The Company's core strategy is to increase revenues from the sale of its Telehealth Services and Medical Cannabis formulation in the medical sector, as well as to grow its brand through its marketing initiatives.</p>														
<p><b>Group Strategy:</b> The Group's core strategy is (i) to increase revenues from the sale of its Telehealth Services in the Primary Markets, (ii) to grow the Kanabo brand through its marketing initiatives, (iii) to increase revenues from the sale of its Medical Cannabis formulation and develop a range of Medical Cannabis Products to be paired with the VapePod Medical and (iv) to expand through further acquisitions, including, initially the GP Services Acquisition.</p> <p>The acquisition of The GP Service (UK) Ltd ("<b>GP Services</b>") is intended to facilitate the growth of Kanabo's existing digital and telemedicine business and establish a new and fully compliant channel to market for Kanabo's products for medical patients. Through improved access to these products, Kanabo hopes to make a marked contribution to improving outcomes for thousands of patients in the UK and Europe.</p>														
<p><b>Major Existing Shareholders and Shareholders on Admission:</b> As at the Last Practicable Date, the directors of the Company (the "<b>Directors</b>"), are aware of the following persons who are interested in and who, immediately following Admission, are expected to be interested, directly or indirectly, in three per cent. or more of the Company's capital or voting rights:</p>														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Shareholder on Admission</th> <th style="text-align: center;">Number of Ordinary Shares as at the date of this Prospectus</th> <th style="text-align: center;">Percentage of Existing Ordinary Share Capital as at the date of this Prospectus</th> <th style="text-align: center;">Number of Ordinary Shares on Admission</th> <th style="text-align: center;">Percentage of Enlarged Issued Share Capital on Admission</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Avihu Tamir</td> <td style="text-align: center;">97,263,870</td> <td style="text-align: center;">19.44%</td> <td style="text-align: center;">97,263,870</td> <td style="text-align: center;">16.97%</td> </tr> </tbody> </table>					Shareholder on Admission	Number of Ordinary Shares as at the date of this Prospectus	Percentage of Existing Ordinary Share Capital as at the date of this Prospectus	Number of Ordinary Shares on Admission	Percentage of Enlarged Issued Share Capital on Admission	Avihu Tamir	97,263,870	19.44%	97,263,870	16.97%
Shareholder on Admission	Number of Ordinary Shares as at the date of this Prospectus	Percentage of Existing Ordinary Share Capital as at the date of this Prospectus	Number of Ordinary Shares on Admission	Percentage of Enlarged Issued Share Capital on Admission										
Avihu Tamir	97,263,870	19.44%	97,263,870	16.97%										

Seamróg Em Multi-Strat Sub-Fund	69,444,444	13.88%	69,444,444	12.11%
Maven Income & Growth VCT 3 PLC	-	-	12,732,312	2.22%
Maven Income & Growth VCT 4 PLC	-	-	23,603,592	4.12%
Maven Income & Growth VCT 5 PLC	-	-	12,956,202	2.26%
Maven Income & Growth VCT PLC	-	-	12,956,202	2.26%

The voting rights of all Shareholders on Admission are the same in respect of each Ordinary Share held.

**Key Managing Directors:** The Company's key managing directors are (1) Ian Mattioli, non-executive Chair, (2) David Tsur, non-executive Deputy Chair; (3) Sharon Malka, non-executive director; and (4) Avihu Tamir, executive director, Chief Executive Officer.

2.2 **Statutory Auditors:** The Company's statutory auditors for the period covered by the historical financial information was PKF Littlejohn LLP whose address is 15 Westferry Circus, Canary Wharf, London E14 4HD. On 7 March 2023, the Company announced the appointment of MHA, formerly MHA MacIntyre Hudson LLP, as its new independent auditor whose registered office address is Moorgate House, 201 Silbury Boulevard, Milton Keynes, Buckinghamshire, MK9 1LZ.

### 2.3 What is the key financial information regarding the issuer?

**Selected Key Historical Financial Information for the Company:** The tables below set out selected consolidated financial information on the Company and Kanabo Research as at and for the financial years ended 31 December 2020, 2021 and 2022.

Consolidated Statement of Financial position	As at 31 December 2022 (£'000) Audited	As at 31 December 2021 (£'000) Audited	As at 31 December 2020 (£'000) Audited
<b>Total assets</b>	<b>14,452</b>	<b>5,599</b>	<b>472</b>
<b>Total equity / deficient)</b>	<b>12,445</b>	<b>5,184</b>	<b>(39)</b>
<b>Total liabilities</b>	<b>2,007</b>	<b>415</b>	<b>511</b>

Consolidated Statement of Comprehensive Income	As at 31 December 2022 (£'000) Audited	As at 31 December 2021 (£'000) Audited	As at 31 December 2020 (£'000) Audited
<b>Operating loss</b>	<b>(6,781)</b>	<b>(4,574)</b>	<b>(563)</b>
Interest income (expenses)	(89)	23	(28)
<b>Loss before taxation</b>	<b>(6,870)</b>	<b>(4,551)</b>	<b>(591)</b>
Income tax	-	-	-
<b>Loss for the period</b>	<b>(6,870)</b>	<b>(4,551)</b>	<b>(591)</b>
<b>Total comprehensive loss for the period attributable to the equity owners</b>	<b>(6,849)</b>	<b>(4,633)</b>	<b>(580)</b>

Consolidated Statement of Cashflows	As at 31 December 2022 (£'000) Audited	As at 31 December 2021 (£'000) Audited	As at 31 December 2020 (£'000) Audited
<b>Net cash flows from operating activities</b>	<b>(3,779)</b>	<b>(2,078)</b>	<b>(534)</b>

<b>Net cash flows from (used in) investing activities</b>	<b>77</b>	<b>(429)</b>	<b>(5)</b>
<b>Net cash flows from financing activities</b>	<b>2,403</b>	<b>6,657</b>	<b>568</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,299)</b>	<b>4,150</b>	<b>29</b>
Foreign exchange differences	26	(53)	18
Cash and cash equivalents at the beginning of the period	4,477	380	333
<b>Cash and cash equivalents at the end of the period</b>	<b>3,204</b>	<b>4,477</b>	<b>380</b>

This financial information has been extracted without material adjustment from the audited consolidated financial statements for the Company as at and for the financial years ended 31 December 2020, 2021 and 2022. Shareholders should read the whole of this document and not just rely on the summarised financial information set out above.

**Selected Key Historical Financial Information for GP Services:** The tables below set out selected financial information for GP Services as at and for the financial years ended 31 January 2020, 2021 and 2022.

<b>Statement of Financial position of GP Services</b>	<b>As at 31 January 2022 (£'000)</b>	<b>As at 31 January 2021 (£'000)</b>	<b>As at 31 January 2020 (£'000)</b>
<b>Total assets</b>	<b>477</b>	<b>1,157</b>	<b>493</b>
<b>Net liabilities</b>	<b>(3,104)</b>	<b>(2,046)</b>	<b>(1,863)</b>
<b>Total liabilities</b>	<b>3,581</b>	<b>3,203</b>	<b>2,356</b>
<b>Total equity and liabilities</b>	<b>477</b>	<b>1,157</b>	<b>493</b>

<b>Statement of Comprehensive Income of GP Services</b>	<b>Year ended 31 January 2022 (£'000)</b>	<b>Year ended 31 January 2021 (£'000)</b>	<b>Year ended 31 January 2020 (£'000)</b>
<b>Gross profit (loss)</b>	<b>66</b>	<b>151</b>	<b>(125)</b>
Other operating income	46	11	-
General and administrative expenses	(875)	(1,029)	(1,047)
<b>Operating loss</b>	<b>(763)</b>	<b>(867)</b>	<b>(1,172)</b>
Finance expenses, net	(379)	(329)	(292)
<b>Loss before tax</b>	<b>(1,142)</b>	<b>(1,196)</b>	<b>(1,464)</b>
Tax credit	64	91	60
<b>Loss after tax</b>	<b>(1,078)</b>	<b>(1,105)</b>	<b>(1,404)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(1,078)</b>	<b>(1,105)</b>	<b>(1,404)</b>

<b>Consolidated Statement of Cash flows</b>	<b>Year ended 31 January 2022 (£'000)</b>	<b>Year ended 31 January 2021 (£'000)</b>	<b>Year ended 31 January 2020 (£'000)</b>
<b>Net cash flows from operating activities</b>	<b>(417)</b>	<b>(539)</b>	<b>(769)</b>
<b>Net cash flows from investing activities</b>	<b>(227)</b>	<b>(243)</b>	<b>(218)</b>
<b>Net cash flows from (used in) financing activities</b>	<b>(4)</b>	<b>1,450</b>	<b>37</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(648)</b>	<b>668</b>	<b>(949)</b>
Foreign exchange differences	-	-	-
Cash and cash equivalents at the beginning of the period	883	215	1,165
<b>Cash and cash equivalents at the end of the period</b>	<b>235</b>	<b>883</b>	<b>216</b>

**Selected Key Pro Forma Unaudited Financial Information:** Not applicable. No pro forma financial information is included in this prospectus.

**Any Qualification in the Audit Report relating to the Historical Financial Information:** There are no qualifications in the accountant's report on the historical financial information which are incorporated by reference.

2.4	<b>What are the key risks that are specific to the issuer?</b>
1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11.	<p>1. The Group may not realise the desired benefits from the GP Services Acquisition, or it might take the Group longer than expected to realise, certain or all of the anticipated benefits of the GP Services Acquisition.</p> <p>2. Kanabo operates within a nascent sector for vaporisation devices, CBD-based products and Medical Cannabis products, and the existing laws and regulations, including the interpretation, application and enforcement of those provisions are prone to change. GP Services' services may also be subject to changing laws or regulation which could prohibit or restrict its ability to operate.</p> <p>3. Kanabo and GP Services supply respective chains lack diversity at a number of levels.</p> <p>4. The Group could lose its exclusive right to distribute the VapePod Devices in the Primary Markets. A loss of exclusivity could mean that other competitors within the same sectors are able to market that product (without the "VapePod" trademark) in the Primary Markets.</p> <p>5. The Group may not commercialise its Medical Cannabis Products and its ability to commercialisation of cannabis-based products may also be limited in scope because of barriers to access through the NHS.</p> <p>6. The Group has not identified an immediate risk from competitors within its sector, but the Directors believe that there will be new entrants in the sectors in which the Group will be/is operating. Large well-funded pharmaceutical companies and large northern American cannabis companies pose a serious threat to smaller start-up companies operating within the sector, which the Group may be unable to compete against.</p> <p>7. The Group's brand may be harmed if its products are recalled due to defects or any other reason. Product recalls may lead to increased scrutiny of the Group's operations by regulatory agencies and potential expenses being incurred. Defective products could also result in product liability claims or the imposition of penalties and fines by regulators which, if the Group's insurance policies prove inadequate, could have a significant adverse effect on the financial condition of the Issuer.</p> <p>8. The Group may fail to retain key personnel and other employees. There can be no assurance that Kanabo and the Group will not lose key personnel (or a significant number of personnel) or that the GP Services Acquisition will not result in the departure of management personnel and/or employees from the Group. The departure of key or of a significant number of management personnel or employees could adversely affect Kanabo's ability to realise the benefits and synergies of the GP Services Acquisition.</p> <p>9. The Group is reliant on certain information technology systems to support its operations (in particular for GP Services' platform and Kanabo.store platform) and protect against damage and system interruptions, including from cyberattacks, and a temporary or permanent loss of any systems or networks of the Group may cause significant destruction to its business operation.</p> <p>10. To date, the Group has been loss making. In the event that the Group is unable to achieve its core strategic objectives it may continue to generate sustained losses.</p> <p>11. The Group's future prospects will, in part, be dependent on the Group's ability to integrate Kanabo and GP Services successfully, without disruption to the existing businesses. Unanticipated events, liabilities, tax impacts or unknown pre-existing issues may arise or become apparent which could result in the costs of integration being higher than the realisable benefits and/or the synergies being lower than expected.</p>
3	<b>KEY INFORMATION ON THE SECURITIES</b>
3.1	<b>What are the main features of the securities?</b>
	<p><b>Type, Class and ISIN:</b> The Ordinary Shares are ordinary shares in the share capital of the Company with a nominal value of £0.025 each. The Ordinary Shares are registered with international securities identification number ("ISIN") GB00BYQCS703, SEDOL number BYQCS70 and TIDM KNB. The Outstanding Consideration Shares will constitute up to approximately 12.71 per cent. of the Company's Enlarged Issued Share Capital on Admission. When admitted to trading, the Outstanding Consideration Shares will be registered with ISIN GB00BYQCS703 and a SEDOL of BYQCS70. When admitted to trading, subject to the approval of the Enlarged Shareholders at the 2023 AGM, the 2020 Deferred Consideration Shares will also be registered with an ISIN of GB00BYQCS703 and a SEDOL of BYQCS70.</p>
	<p><b>Currency, Denomination, Par Value, Number of Securities Issued and Term of the Securities:</b> The currency of the New Ordinary Shares is British pounds sterling. At the date of this prospectus, the nominal value of one issued Ordinary Share is £0.025. The Enlarged Issued Share Capital on Admission will comprise 500,385,193 Existing Ordinary Shares and 72,831,186 Outstanding Consideration Shares.</p>
	<p><b>Rights attached to the Securities:</b> Each Ordinary Share ranks pari passu for voting rights, dividends and return of capital on winding up. Shareholders have the right to receive notice of, and to attend and vote at, any meetings of Shareholders. Each Shareholder entitled to attend and being present in person, by proxy or by a duly authorised corporate representative at a meeting shall have one vote on a show of hands and, on a poll, each such Shareholder shall have one vote for every Ordinary Share of which it is the holder.</p>
	<p><b>Seniority of the Securities in the Capital Structure of the Company in the event of Insolvency:</b> Not applicable. The Company does not have any securities in issue (other than the Ordinary Shares) or liens over its assets and so</p>

the Ordinary Shares are not subordinated in the Company's capital structure as at the date of the Prospectus and will not be immediately following Admission.

**Restrictions on the Free Transferability of the Securities:** All the Ordinary Shares are freely transferable.

**Dividend Policy:** Subject to the Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to Shareholders according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board of Directors. The objective of the Board is the achievement of capital growth. The Board does not anticipate declaring or paying any dividends in the foreseeable future.

**Where the securities will be traded:** Application will be made for the New Ordinary Shares to be admitted to a Standard Segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, provided that the 2020 Deferred Consideration Shares will only be admitted to a Standard Segment of the Official List and to trading on the London Stock Exchange's main market for listed securities if the issue receives approval of the Enlarged Shareholders at the 2023 AGM. No application has been made or is currently intended to be made for New Ordinary Shares to be admitted to listing or trading on any other exchange.

### 3.2 What are the key risks that are specific to the securities?

1. A Standard Listing affords Shareholders less regulatory protection than a Premium Listing, which may have an adverse effect on the valuation of the Ordinary Shares.
2. The issuance of additional Ordinary Shares in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute other shareholdings.
3. There is a limited market for the Ordinary Shares. The price of the Ordinary Shares after Admission and after admission of the 2020 Deferred Consideration Shares may also vary due to a number of factors, including but not limited to, general economic conditions and forecasts, the Group's general business condition and the release of its financial reports. Although the Company's current intention is that its securities should continue to trade on the Official List of the London Stock Exchange, it cannot assure investors that it will always do so. In addition, an active trading market for the Ordinary Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless a market can be established and maintained, and if the Company subsequently obtains a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline. The ability of the Group to pay dividends is a function of its profitability and the extent to which, as a matter of law, it will have available to it sufficient distributable reserves out of which any proposed dividend may be paid. The Company can give no assurances that it will be able to pay a dividend going forward.

## 4 KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

### 4.1 Under which conditions and timetable can I invest in this security?

**General Terms and Conditions:** It is expected that admission of the Outstanding Consideration Shares to listing and trading on the London Stock Exchange will become effective and that unconditional dealings will commence at 8.00 am (UK time) on or around 28 June 2023. It is further expected that, subject to and conditional upon approval of the Enlarged Shareholders at the 2023 AGM, admission of the 2020 Deferred Consideration Shares to listing and trading on the London Stock Exchange will become effective and that unconditional dealings will commence within five business days following the 2023 AGM.

<b>Expected Timetable of the Offer</b>	
Completion of the GP Services Acquisition	21 February 2022
Publication of this Prospectus	13 June 2023
Admission & commencement of dealings in the Outstanding Consideration Shares on the London Stock Exchange	8.00 a.m. on or around 28 June 2023
CREST accounts of GP Sellers holding in uncertificated form credited with Outstanding Consideration Shares	8.00 a.m. on or around 28 June 2023
Despatch of share certificates for Outstanding Consideration Shares to GP Sellers holding in certificated form	within 7 days of Admission
Admission & commencement of dealings in the 2020 Deferred Consideration Shares on the London Stock Exchange*	within 5 business days following the 2023 AGM*
CREST accounts of Kanabo Research Sellers holding in uncertificated form credited with 2020 Deferred Consideration Shares*	8.00 a.m. on admission of the 2020 Deferred Consideration Shares*



Despatch of share certificates for 2020 Deferred Consideration Shares to Kanabo Research Sellers holding in certificated form\*

within 7 days of admission of the 2020 Deferred Consideration Shares\*

\* Subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM.

**Details of Admission to Trading:** Application will be made for the New Ordinary Shares to be admitted to a Standard Listing on the Official List and to trading on the Main Market of the London Stock Exchange, provided that the application for the 2020 Deferred Consideration Shares to be admitted to a Standard Listing on the Official List and to trading on the Main Market of the London Stock Exchange will only be made if the issue receives approval of the Enlarged Shareholders at the 2023 AGM.

**Immediate Dilution:** The issue of the Outstanding Consideration Shares will result in Existing Ordinary Shares being diluted and will constitute approximately 12.71 per cent. of the Enlarged Issued Share Capital. Following Admission, assuming the maximum number of shares that are required to be issued to satisfy (i) the exercise of any Options under the Share Option Scheme and Israel Share Option Scheme and (ii) the exercise of any Warrants, are issued, the result would be the Company's Existing Ordinary Shares being diluted and will constitute approximately 10.05 per cent. of the Enlarged Issued Share Capital.

The Company announced on 9 May 2023 that it had completed a £2.54 million fundraising ("**2023 Fundraise**"), which included the issue of 18,749,999 new ordinary shares, in aggregate, to (i) Mr Ian Mattioli, (ii) Mr David Tsur, (iii) Mr Avihu Tamir, and (iv) Mr Suleman Sacranie ("**2023 Fundraise Directors and Officers**"), subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM ("**Outstanding Director Share(s)**"). Each Outstanding Director Share has half a warrant attached, granting the holder the right to subscribe for an additional half a new ordinary share at an exercise price of 5.76 pence for a period of 24 months following admission of the Outstanding Director Shares ("**2023 Fundraise Director and Officer Warrants**"). Accordingly, if the Enlarged Shareholders approve the issue of the Outstanding Directors Shares at the 2023 AGM then the Outstanding Director Shares will be issued to the relevant 2023 Fundraise Directors and Officers and the corresponding shares, and warrants when exercised, will result in the Existing Ordinary Shares being diluted.

Under the 2023 Fundraise, the Company also issued Seamróg EM 69,444,444 new 2023 Fundraise Shares and 34,722,222 warrants for an aggregate subscription price of £2,000,000 ("**Seamróg Em Warrants**"). The 69,444,444 new 2023 Fundraise Shares issued to Seamróg Em have been issued as at the date of Admission, however the Seamróg Em Warrants are subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM, which will, when exercised, result in the Existing Ordinary Shares being diluted.

In addition, on 9 May 2023, the Company announced that it had granted Peterhouse an option over 6,944,444 new ordinary shares (or such other number of new ordinary shares as agreed between the Company and Peterhouse) ("**Financial Adviser Option**")<sup>1</sup>. On 9 May 2023, Peterhouse confirmed to the Company that the Financial Adviser Option was fully taken up, raising £200,000 at the issue price of 2.88 pence per share through the issue of 6,944,446 new Ordinary Shares ("**Financial Adviser Shares**").

Each Financial Adviser Share issued has half a warrant attached, granting the holder the right to subscribe for an additional half a new ordinary share at an exercise price of 5.76 pence for a period of 24 months following admission of the Financial Adviser Shares ("**May 2023 Financial Adviser Warrant**"). The May 2023 Financial Adviser Warrants are subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM, which will, when exercised, result in the Existing Ordinary Shares being diluted.

Further, on 25 April 2023, the Company, Luca Longobardi and The 4th Consulting LLC (formerly known as The 4th LLC) ("**4LLC**") entered into a settlement agreement whereby the Company agreed to issue 5 million shares to 4LLC ("**4LLC Settlement Shares**") ("**4LLC Settlement Agreement**"), as agreed consideration for the engagement of 4LLC by the Company, pursuant to the engagement agreement between 4LLC and the Company dated 6 June 2021. Further, on 28 September 2022, the Company entered into a settlement agreement with (1) Atul Devani, (2) GP Services and (3) Kanabo Newco, pursuant to which Atul Devani's employment with GP Services was terminated ("**GP Services Settlement Agreement**"). Under the terms of the GP Services Settlement Agreement, Atul Devani agreed to return 25 per cent. of his Consideration Shares (comprising the 9,599,108 held by him directly and the 1,052,122 held by his trust Atul Suryakant Devani MW Trustees Limited) which amounts to 2,662,808 ordinary shares, to the Company ("**Termination Shares**"). The Termination Shares were transferred from Atul Devani to Luca Longobardi on 25 May 2023.

The Company proposes that the issue of the 4LLC Settlement Shares by the Company to 4LLC be partially settled by way of transfer of the Termination Shares by Atul Devani to Luca Longobardi, in accordance with the 4LLC Settlement Agreement. Accordingly, the Company must issue to 4LLC the 4LLC Settlement Shares less the Termination Shares over two tranches, as follows:

- (a) 337,192 shares were issued on 23 May 2023 ("**First Issue Date**"); and
- (b) 2,000,000 shares are to be issued no later than 3 calendar months after the First Issue Date ("**Second Tranche 4LLC Shares**").

<sup>1</sup> The announcement stated the incorrect number of options over Ordinary Shares, being that the announcement should have stated that the Company has granted Peterhouse an option over 6,944,446 new Ordinary Shares (or such other number of new Ordinary Shares as agreed between the Company and Peterhouse).

On 23 May 2023, the Company announced that the First Tranche Shares were issued to 4LLC. However the issue of the Second Tranche 4LLC Shares will result in the Existing Ordinary Shares being diluted.

**Estimate of the Total Expenses:** The total expenses incurred (or to be incurred) by the Company in connection with the GP Services Acquisition and Admission are approximately £290,000 plus VAT. No expenses will be charged to any investor by the Company.

#### 4.2 Why is this prospectus being produced?

The Prospectus is being produced in connection with the proposed issue of the (i) 2020 Deferred Consideration Shares in connection with the Kanabo Research Acquisition, and (ii) Outstanding Consideration Shares in connection with the GP Services Acquisition, and their admission to listing on the standard listing segment of the Official List and to trading on the Main Market of the London Stock Exchange, provided that the 2020 Deferred Consideration Shares will only be admitted to listing on the standard listing segment of the Official List and to trading on the Main Market of the London Stock Exchange if the issue receives approval of the Enlarged Shareholders at the 2023 AGM.

On 17 December 2020, the Company entered into a share purchase agreement (the "**Kanabo Research SPA**") with (i) the shareholders of Kanabo Research Limited (the "**Kanabo Research Sellers**") and (ii) Kanabo Research Limited ("**Kanabo Research**") to conditionally acquire Kanabo Research (the "**Kanabo Research Acquisition**"). The Kanabo Research Acquisition completed on 16 February 2021 ("**RTO Admission**").

As part of the consideration for the Kanabo Research Acquisition, the Company should have allotted and issued 38,461,492 ordinary shares (the "**2020 Deferred Consideration Shares**") (for 6.5p per 2020 Deferred Consideration Share based on the price at RTO Admission) to the Kanabo Research Sellers, upon the satisfaction of certain milestones following RTO Admission. To date, the 2020 Deferred Consideration Shares have not been allotted and issued to the Kanabo Research Sellers.

Additionally, on 21 February 2022 ("**Completion Date**"), the Company announced that it had entered into a sale and purchase agreement ("**SPA**") with (i) the shareholders of the GP Service (UK) Limited (the "**GP Sellers**"), (ii) Avihu Tamir, (iii) Kanabo GP Limited ("**Kanabo Newco**") and (iv) The GP Service (UK) Limited to acquire The GP Service (UK) Ltd ("**GP Services**" or the "**Target**") (the "**GP Services Acquisition**").

As part of the consideration for the GP Services Acquisition, the Company proposes to issue 72,831,186 Consideration Shares (for 12.65p per Consideration Shares based on the purchase price for GP Services) for the acquisition of GP Services. 21,302,460 Consideration Shares were allotted and issued to Atul Devani, Atul Suryakant Devani MW Trustees Limited and Suleman Sacranie on the Completion Date.

Further, on 9 May 2023, the Company announced that it had completed a £2.54 million fundraising ("**2023 Fundraise**") by way of the issue of:

- 69,444,444 new ordinary shares to Seamróg Em; and
- 18,749,999 new ordinary shares, in aggregate, to the 2023 Fundraise Directors and Officers, subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM,

of 2.5 pence each in the Company (together, the "**2023 Fundraise Shares**") at a price of 2.88p per share.

Each 2023 Fundraise Share issued pursuant to the 2023 Fundraise has half a warrant attached, granting the holder the right to subscribe for an additional half a new ordinary share at an exercise price of 5.76 pence for a period of 24 months ("**May 2023 Warrants**") following approval by the Enlarged Shareholders at the 2023 AGM.

Following Admission, the Outstanding Consideration Shares will be issued as fully paid and will rank pari passu in all respects with the Ordinary Shares in issue at the time the Outstanding Consideration Shares are issued, save that holders of the Outstanding Consideration Shares will not be entitled to receive any dividend or distribution announced, declared, made or paid by the Company prior to the issuance of the Outstanding Consideration Shares.

Following admission of the 2020 Deferred Consideration Shares, subject to the approval of the Enlarged Shareholders at the 2023 AGM, the 2020 Deferred Consideration Shares will be issued as fully paid and will rank pari passu in all respects with the Ordinary Shares in issue at the time the 2020 Deferred Consideration Shares are issued, save that holders of the 2020 Deferred Consideration Shares will not be entitled to receive any dividend or distribution announced, declared, made or paid by the Company prior to the issuance of the 2020 Deferred Consideration Shares.

The Directors believe that the GP Services Acquisition presents an excellent opportunity for Kanabo to expand its medical offerings to patients and to create a fully compliant channel to market for Kanabo's medical cannabis products for patients.

There are no proceeds receivable by Kanabo as a result of or in connection with the GP Services Acquisition.

This document does not constitute an offer or invitation to any person to subscribe for or purchase any shares in the Company. It has been prepared in connection with the application to list on the standard listing segment of the Official List and to trading on the London Stock Exchange of the New Ordinary Shares, provided that the 2020 Deferred Consideration Shares will only be admitted to listing on the standard listing segment of the Official List and to trading on the Main Market of the London Stock Exchange if the issue receives approval of the Enlarged Shareholders at the 2023 AGM.

There are no conflicting interests which are material in connection with Admission.

## RISK FACTORS

*Any investment in the Ordinary Shares carries a significant degree of risk. Prior to investing in the Ordinary Shares you should carefully consider risks associated with any investment in securities and, in particular, the Ordinary Shares as well as risks in relation to the Group's business, its industry, potential conflicts of interest, risks relating to taxation together with all other information contained in this Prospectus, in particular, the risk factors described below.*

*The risks referred to below are those risks the Directors consider to be the material risks at the date of this Prospectus. However, there may be additional risks that the Directors do not currently consider to be material or of which the Directors are not currently aware, that may adversely affect the Group's business, financial condition, and results of operations or prospects. Investors should review this Prospectus carefully and, in its entirety, and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this Prospectus were to occur, the results of operations, financial condition and prospects of the Group could be materially adversely affected. If that were to be the case, the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Furthermore, investors could lose all or part of their investment.*

*Prospective investors should note that the risks relating to the Ordinary Shares, the Group and the sector in which it will operate summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group will face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.*

### **1 RISKS RELATED TO THE GROUP AND ITS ACTIVITIES**

#### **1.1 The laws, regulations and guidelines applicable to the Group's Retail CBD Products and Medical Cannabis Products in the Primary Markets and other countries may change in ways which restrict, prohibit or otherwise impact the Group's current and future business strategy**

- (a) The emergence of a market for the commercialisation of CBD based products and Medical Cannabis products, as well as vapourisation devices, in Europe is recent and a market for the Retail CBD Products and Medical Cannabis Products has only been in existence for a short period of time.
- (b) The Directors expect that the laws and regulations relating to these products, including the interpretation of such applicable laws and regulations, in the Primary Markets and Europe generally will continue to evolve over time. There is a high probability that the laws and regulations in the Primary Markets will continue to adapt and change in the near future. Such changes may result in the Group being unable to execute part or all its proposed strategy.
- (c) There is a well-established market for CBD oil and vapourisation devices in the Primary Markets and such products are widely available from major retail stores, including large pharmaceutical chains, in addition to online retail. The Primary Markets have established a regime for the prescription of Medical Cannabis and the Directors believe

that the availability of prescription based Medical Cannabis in the Primary Markets will continue to grow over time based upon current market data.

- (d) It is noted, however, that the majority of the Medical Cannabis Products remain under development and the Directors do not believe that these products will be commercialised in the short-term. It is, therefore, possible that the laws, regulations and guidance of public authorities in the Primary Markets, which are applicable to the Unlicensed Medical Cannabis Oils will change significantly prior to those products being available for commercialisation.
- (e) The Directors cannot provide assurances that the regulatory environment and attitudes towards the Retail CBD Products and the Medical Cannabis Products will not change in unexpected ways.
- (f) It is possible that if such risks were to materialise, the ability of the Group to sell the Retail CBD Products and Medical Cannabis Products in the Primary Markets could be prohibited or restricted from sale, which would have a material adverse effect on the financial condition of the Group.

**1.2 The reliance on access to medical records held by the NHS may limit the Group's ability to provide certain services or expand its offerings.**

- (a) The Group may be reliant on the willingness of the NHS to share patient data, and any reluctance on the part of the NHS to do so could limit the Group's ability to provide certain services or expand its offerings.
- (b) The Group's ability to access patient data held by the NHS may be subject to change due to changes in NHS policies or the implementation of new regulations or guidelines.
- (c) Any failure by the Group to secure or maintain access to medical records held by the NHS may have a significant adverse effect on the business of the Group, and its ability to generate revenues.

**1.3 The demand for private GP services may be affected by changes in healthcare policies or economic conditions.**

- (a) The Group's business depends on the demand for private GP services, and any changes in healthcare policies or economic conditions that negatively impact this demand may have a material adverse effect on the financial condition of the Group.
- (b) The Group's ability to compete with other providers of private GP services may be negatively impacted by changes in healthcare policies or economic conditions.
- (c) The Group's financial condition may be negatively impacted by any reduction in demand for private GP services due to changes in healthcare policies or economic conditions.

**1.4 The laws, regulations and guidelines applicable to GP Services' services may change in ways which restrict, prohibit or otherwise impact the Group's current and future business strategy.**

- (a) Electronic prescription services and medical video conferencing are emerging services and the laws, regulation, and guidelines in respect of these services may evolve or change over time.
- (b) Should GP Services expand its video conferencing services, it may be required to make changes to its regulatory frameworks and insurance arrangements. It would also be impacted by any evolving changes to laws or regulation on these expanded services.
- (c) While the Directors do currently not anticipate any changes to the relevant regulation governing online prescriptions or prescribed access to controlled drugs in the UK which could potentially curtail or restrict the GP Services' telehealth brands, the Directors cannot provide assurances on any future laws, regulation or guidelines which the relevant governments may implement, which would have a material adverse effect on the financial condition of the Group.

**1.5 Public Health concerns associated with the use of E-cigarettes could have significant adverse impact on the market for vaporisation devices as a whole, include the VapePod Devices, in the Primary Markets**

- (a) E-cigarettes are nicotine replacement products generally found to contain e-liquid solutions.
- (b) On 30 August 2019, the US Food and Drug Administration (FDA) issued a statement regarding its recent investigation in connection with a reported death arising from severe pulmonary illness in an adult male linked to the use of E-cigarette products. The FDA issued further guidance and recommendations in April 2020 relating to lung injuries associated with the use of vaping products. Health Canada issued a similar announcement stating that the Canadian Government will monitor data and other signals indicating a link between E-cigarettes and pulmonary illness.
- (c) The VapePod Devices are not E-cigarettes, as they are not capable of being used to smoke or to vape nicotine. Further the VapePod Devices do not use the diluents flagged by the FDA in its April 2020 guidance.
- (d) It is noted that health concerns linked to E-cigarettes has gained negative press attention in the national media. There is a risk that continued negative press attention could result in consumers having a poor perception of the safety and reliability of vaporisation devices, including the VapePod Devices.
- (e) There is nevertheless a risk that, in light of this, legislators and or health authorities in the Primary Markets may adopt precautionary measures limiting, restricting or banning the sale of E-cigarettes and vaporisation devices without market authorisation or entirely, as a result of the perceived link between the use of E-cigarettes and pulmonary illness and other respiratory conditions. If such risks were to materialise, this could have a significant adverse effect on the business of the Group, and its ability to generate revenues.

**1.6 The Group's strategy to commercialise and distribute the Medical Cannabis Products is dependent upon compliance with certain regulatory requirements within the Primary Markets**

- (a) For a product to be marketed as a medical device in the Primary Markets, the VapePod Medical (and any next generation devices) will need to comply with certain EU and UK requirements relating to product safety and testing. The Group must obtain a CE Mark for the VapePod Medical to be sold as a medical device in the EU. A third party has been appointed on behalf of Kanabo to assist with obtaining a CE Mark for the VapePod Medical. It is anticipated that the CE Mark will be obtained during the second half of 2023. The Directors have not identified any reasons why the VapePod Medical would be unable to satisfy these requirements. The Group must obtain a UKCA Mark for the VapePod Medical to be sold as a medical device in the UK. Kanabo intends to apply for a UKCA Mark following its acquisition of the CE Mark, and the Directors have not identified any reasons why the VapePod Medical would be unable to obtain this certification.
- (b) If Kanabo is unable to obtain a CE Mark, Kanabo's ability to market and sell the VapePod Medical in the EU as a medical device will be prohibited. If the Group is prohibited from registering the VapePod Medical as a medical device, the Group would be unable to execute its future strategy to pair a registered medical device with its Unlicensed Medical Cannabis Oils. The Group may also incur significant regulatory costs if such approvals are subject to prolonged or unexpected delay. Furthermore, there can be no guarantees that the relevant authorities within the Primary Markets will support the use of the VapePod Medical as an appropriate delivery system for use with the Unlicensed Medical Cannabis Oils, as a course of treatment.
- (c) There is an established regime for the prescription of Medical Cannabis in the UK and Germany.
- (d) The Company intends to sell a range of Unlicensed Medical Cannabis Oils as unlicensed medicines in the UK and Germany. The Company is able to commercialise these products provided that the Unlicensed Medical Cannabis Oils are manufactured in accordance with EU-GMP requirements. The Directors note, however, that the timeline for the development of an expanded range of Unlicensed Medical Cannabis Oils is not likely to be achieved in the short to medium term. To demonstrate the safety and efficacy of the VapePod Medical and Nabinnol, it is Kanabo's intention to undertake the VapePod Medical Safety Testing and the Safety Efficacy Study before selling those products in the Primary Markets. There is a risk that the requirements to sell unlicensed medical products in the Primary Markets will change in ways which the Directors are unable to predict during that time period. In the event that the commercialisation of such products entails new requirements, such as the completion of full or partial clinical trials, or if there are significant regulatory barriers to entry, the Group is unlikely to have sufficient funds to comply with those requirements. This may mean that the Group is unable to commercialise its Unlicensed Medical Cannabis Oils.

**1.7 Attitudes to cannabis and cannabis derived products are currently uncertain and may be subject to change, and could therefore affect the Group's revenue by diminishing or constraining the Company's ability to sell its products**

- (a) The Company is aware that significant consideration is being given to the potential medical applications of cannabis and cannabis-derived products in the United Kingdom and worldwide. However, no consensus amongst medical professionals has been reached in relation to the potential benefits and concerns connected with cannabis or cannabis-derived products. Such consensus will take time to build and will be affected by a wide range of factors which may influence or inform the attitude of medical professionals to cannabis and cannabis derived products in the short, medium and long term. If the consensus of medical professionals changes from uncertain to identifying areas of concern, it may have a significant effect on the Group's operations, strategies, and profitability, and on the ability of the Group to continue to operate or on its business, financial condition, results of operations and/or prospects either in the United Kingdom or in other jurisdictions.
- (b) Research on the effects of Medical Cannabis and future clinical research studies may lead to conclusions that dispute or conflict with the Directors' understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis.
- (c) Research in Israel, Europe and internationally regarding the medicinal benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as cannabidiol (CBD), and tetrahydrocannabinol (THC)) remains in relatively early stages.
- (d) Future research and clinical trials may draw opposing conclusions to statements contained in the articles, reports and studies referenced in this prospectus, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to Medical Cannabis, which could adversely affect social acceptance of cannabis and the demand for the products. This could result in Medical Cannabis being prescribed in very limited circumstances and, consequently, the market for Medical Cannabis products may not grow in line with the expectations of the Directors. If this risk were to materialise, a market for Kanabo's Medical Cannabis Products may not exist in the Primary Markets which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.
- (e) In October 2022, German health minister Karl Lauterbach announced a plan to legalise cannabis for recreational use in Germany. Should recreational cannabis become legal under these proposed changes to German regulation, this may decrease sales of medical cannabis in this jurisdiction and could therefore entail a decrease in any potential future revenue from German markets.
- (f) Changes in attitudes or regulation as potentially stemming from the above points could lead to a decrease in sales or a constriction on the Company's ability to sell or market its products, thereby potentially decreasing the Group's revenue.

1.8 **The Group is likely to face significant competition from new entrants in the market for Retail CBD Products and Medical Cannabis Products in the Primary Markets**

- (a) The Group has determined that there is a position in the market for its Retail CBD Products within the Primary Markets.
- (b) The Group is seeking to establish a range of Medical Cannabis Products, although, the commercialisation of such products remains a long-term strategic goal and may not come to fruition.
- (c) The Group is likely to face significant competition from new entrants in the market. In respect of Kanabo's Retail CBD Products it is anticipated that the Group may face competition from well-established cannabis companies currently based in North America seeking growth in Europe. Such companies are expected to be better funded and may have an established brand within the international cannabis market. Further, competitors of the Group may develop products which are more successful, or which utilise more advanced technologies, or they may otherwise respond to rapid regulatory and legislative changes in a more efficient manner than the Group.
- (d) In relation to the Unlicensed Medical Cannabis Oils, the Group may face competition from large and well-established pharmaceutical companies. The products of such companies are likely to be supported by greater research, testing and clinical trials. In the event that a large pharmaceutical company were to obtain market authorisation (product licensing) in relation to products treating the same condition(s) as the Unlicensed Medical Cannabis Oils, this is likely to have a significant adverse effect on the likelihood of Unlicensed Medical Cannabis Oils being prescribed in the Primary Markets.
- (e) Competitors of the Group may develop products which are more successful, or which utilise more advanced technologies, or they may otherwise respond to rapid regulatory and legislative changes in a more efficient manner than the Group.
- (f) There can be no assurance that increased competition from other competitors in these sectors will not have a material adverse effect on the Group's business, financial condition and results of operations.

1.9 **The Group's strategy includes the sale and development of Unlicensed Medical Cannabis Oils. These are sold as unlicensed medicines in the Primary Markets. Unlicensed medicines are made available to patients in the UK where there is an unmet clinical need. Medicinal products with a marketing authorisation (product license) will be prescribed in preference to unlicensed medicines. The Group will not obtain a marketing authorisation (product license) for its Unlicensed Medical Cannabis Oil**

- (a) The Unlicensed Medical Cannabis Oils are and are intended to be sold as unlicensed medicines in the Primary Markets.
- (b) In the UK, both licensed and unlicensed medicines are available for prescription to patients.
- (c) An unlicensed medicine in the UK is one that is manufactured without a marketing authorisation granted by the MHRA. A marketing authorisation is only granted after a



medicinal product has been demonstrated to be safe and effective. To obtain a marketing authorisation, such products are required to undergo extensive clinical trials and peer-review. Clinical trials recognised by the MHRA commonly take several years to complete and requires significant capital investment.

- (d) As at the date of this Prospectus, Nabilone, Epidyolex (cannabidiol) oral solution and Sativex (nabiximols) have each received marketing authorisation. In addition, the UK's National Institute for Health and Care Excellence ("**NICE**") has confirmed that these cannabis based medicinal products are each considered a cost-effective form of treatment capable of being reimbursed routinely by the National Health Service in the UK. Epidyolex is recommended as an adjunctive therapy for seizures associated with Lennox Gastaut syndrome (LGS) or Dravet syndrome, in conjunction with clobazam, for patients two years of age and older. Sativex is recommended as a form of treatment for spasticity due to multiple sclerosis.
- (e) Other than Nabilone, Epidyolex and Sativex, all cannabis-based products for medicinal use will be an unlicensed medicine. Cannabis-based products for medicinal use are listed under Schedule 2 of Misuse of Drugs Regulations 2001 and can be prescribed medicinally where there is an unmet clinical need. Clinicians will have limited data on which to prescribe an unlicensed medicine in the absence of a clinical trials. Consequently, there are a number of additional safeguards and restrictions which are applicable to the prescription of cannabis-based products for medicinal use. The MHRA recommends that unlicensed medicines should only be used when existing licensed medicinal products (meaning a product that has obtained marketing authorisation) are unable to meet patients need and this view is supported by the General Medical Council. In particular, an unlicensed cannabis-based products for medicinal use can only be prescribed by clinicians listed on a specialist register maintained by the General Medical Council and any prescription must be made on a "named patient" basis. On 11 November 2019, the National Institute for Clinical Excellence published its guidance on Cannabis-based medicinal products, in which it provided its recommendations about the prescription of medicines (including off-label use) in (a) intractable nausea and vomiting (b) chronic pain (c) spasticity and (d) severe treatment resistant epilepsy. NICE has supported the use of Epidyolex and Sativex for the treatment of spasticity and severe treatment resistant epilepsy as a cost-effective form of treatment and should be available for being reimbursed by the NHS on prescription.
- (f) The Group will not seek marketing authorisation (a product licence) in respect of its Unlicensed Medical Cannabis Oils. The Group will not have sufficient capital to undertake MHRA recognised clinical trials required to obtain a marketing authorisation. This means that the Unlicensed Medical Cannabis Oils will only be available for prescription in the UK where a special need for an individual patient is identified and that need cannot be met by a licensed product.
- (g) There is, therefore, a risk that the emergence of licensed medical product(s) capable of treating medical conditions for which the Unlicensed Medical Cannabis Oils are designed to treat would prohibit clinicians in the UK from issuing a prescription for one or all of the Group's Unlicensed Medical Cannabis Oils. This could mean that no prescriptions for such products are made in the UK which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

- (h) There are currently two cannabis-based products for medical use in humans which have received marketing authorisation. There are, however, a number of conditions for which cannabis based medicinal products have either been shown to or, with further study and research, could be shown to provide a therapeutic benefit in the treatment of the following medical conditions: (i) chronic pain in adults; (ii) treatment for chemotherapy induced nausea and vomiting; (iii) improving patient reported multiple sclerosis spasticity symptoms; (iv) improving short-term sleep outcomes for individuals for sleep disturbances associated with sleep apnoea syndrome, fibromyalgia, chronic pain, and multiple sclerosis (moderate); (v) increasing appetite and decreasing weight loss associated with HIV/AIDS (limited); (vi) improving clinician-measured multiple sclerosis spasticity symptoms (limited); (vii) Improving symptoms of Tourette syndrome (limited); (viii) Improving anxiety symptoms, as assessed by a public speaking test, in individuals with social anxiety disorders (limited); (ix) Improving symptoms of posttraumatic stress disorder (limited).
- (i) The Group's strategy will therefore be to develop unlicensed cannabis based medicinal products where there is currently a clinical need which is not capable of being met by licensed medicines. The Directors also consider it unlikely that licensed medicines would be able to address the broad spectrum of medical conditions for which cannabis based medicinal products could have a therapeutic benefit.

#### 1.10 **Barriers to accessing cannabis-based products for medicinal use on NHS prescription**

- (a) According to a report published by Prohibition Partners in January 2019, there are approximately 80,000 Specialist Doctors capable of prescribing CBPMs. As at March 2019 fewer than 10 NHS prescriptions for CBPMs were issued in primary care since the re-scheduling of CBPMs in November 2018.
- (b) On 8 August 2019, NHS England published a review titled "Barriers to accessing cannabis-based products for medicinal use on NHS prescription" (the "**NHS England Report**"). The NHS England Report found that the prescription of CBPMs left some clinicians, and particularly those in a generalist role, feeling that they do not have specialist professional education needed to make fully informed prescribing decisions in cases where a CBPM may be appropriate. The lack of education and training has presented an initial barrier to the prescription of CBPMs. Steps have been taken to address the lack of educational resources available to doctors. NHS England and the University of Birmingham have established an e-learning platform for doctors in relation to the prescription of CBPMs and NHS England has published on its website a set of frequently asked questions for prescribers of CBPMs. It is therefore expected that the availability and provision of educational resources for prescribers of CBPM will improve over time.
- (c) The NHS England Report also noted that the prescription of CBPM's for complex conditions would be likely to rely upon specialist clinical networks, noting that UK-wide network of specialist clinics would be more able to provide improved specialist care to children and clinical expertise in complex and difficult to manage cases. Specialist clinics will also facilitate a second opinion process in this area. On 24 July 2019, the Sapphire Medical Clinic was established in London (UK), as the first clinic in the UK offering access to medical cannabis for all conditions acknowledged to benefit from it and to do so as part of a comprehensive pathways, including other conventional

pharmaceutical drugs and treatments. It is anticipated that the number of specialist clinics able to prescribe medical cannabis in the UK will increase over time.

- (d) On 11 November 2019, the National Institute for Clinical Excellence ("**NICE**") published its guidance on Cannabis-based medicinal products, in which it provided its recommendations about the prescription of medicines (including off-label use) in (a) intractable nausea and vomiting (b) chronic pain (c) spasticity and (d) severe treatment resistant epilepsy. Prescribers of CBPMs therefore have the support of the use of CBPMs as a cost-effective form of treatment in relation to a limited range of conditions.
- (e) NICE published further clarificatory guidance in March 2021 relating to the interpretation of the aspect of the November 2019 guideline concerned with the use of cannabis-based medicinal products to treat severe treatment-resistant epilepsy in children.
- (f) The NHS Report identified a lack of quality evidence in respect of the safety and effectiveness of CBPM and, in particular, a lack of randomised control trials ("**RCT**"). NHS England noted that such considerations have weighted heavily on prescribing decisions in the UK. It is anticipated that it will take time to produce a consistent body of evidence from RCTs in relation to the safety and effectiveness of CBPMs.
- (g) The successful commercialisation of Unlicensed Medical Cannabis Oils in the UK relies upon prescriptions being made for CBPMs. There are a number of factors currently limiting the prescription of CBPMs in the UK including inter alia a lack of education and training on CBPMs generally in the medical profession, a lack of RCTs and clinical evidence and research demonstrating the safety and efficacy of CBPMs and current NICE guidelines supporting the use of CBPMs as a cost-effective treatment in only a limited range of conditions. In the event that minimal or no progress is made in areas identified in the NHS England Report then it is likely that the number of prescriptions for CBPMs will remain at low levels throughout the NHS, and to a lesser extent in private clinics, until significant progress has been made in each of these areas. This could mean that the Group is unable to sell its Unlicensed Medical Cannabis Oils in the UK in volumes which are commercially viable.

#### 1.11 **Software Malfunctions and Data Breach**

Any software malfunction or disruption or data breach of the Group's IT systems could adversely affect its business operations. This could be caused by a day-to-day IT issue or as a result of a cyber-attack on the business and its operations.

The Directors note that GP Services mitigates this risk through regular backups and emergency testing. However, should GP Services' software malfunction or be disrupted or should third party service providers experience malfunctions or data breaches, this could mean restrict or prohibit the GP Services' ability to provide services, which could have an effect on its revenue.

## 2 **GENERAL BUSINESS RISKS AND RISKS RELATED TO THE GROUP'S FINANCIAL**

## CONDITION AND OPERATIONS

### 2.1 **Kanabo has to date been loss making and in the event that the Group is unable to complete its core strategic objective may continue to generate sustained losses**

- (a) To date, the Company and GP Services have been loss making. Since RTO Admission, the Company has shifted from being primarily focused on R&D activities to the generation of revenue from the commercialisation of medical cannabis products and the GP Services primary and secondary care digital health systems in the Primary Markets.
- (b) The ability of the Group to generate revenues from the sale of its telehealth services and medical cannabis products is dependent upon numerous factors including but not limited to, the success of business-to-business sales in relation to its telehealth services, patient demand for private online health services and medical cannabis products in the Primary Markets, the ability of the Group to offer services which appeal to patients, creating and maintaining a premium health services brand. In the event that one of those factors previously mentioned differs to the Directors' expectations, this could have a material adverse effect on the Group's ability to generate revenues and to become profitable.
- (c) In the event that the Group is unable to complete its core strategic objective to increase revenue, it may continue to sustain losses. This would have a material adverse effect on the financial condition of the Group.

### 2.2 **The Group's supply chain lacks diversity at multiple levels**

- (a) The Group's supply chain lacks diversity at multiple levels.
- (b) The Company is currently reliant upon Jupiter for the purpose of manufacturing and supplying its VapePod Devices. In the event that Jupiter is unable to fulfil orders or is unable to continue to manufacture and sell the finished products to the Company, the Group could be required to source an alternative vaporisation device of comparable quality and functionality. The Directors cannot provide assurances that an alternative device can be sourced in a timely fashion, without substantial cost, delay or damage to the Group's reputation.
- (c) The Company is additionally reliant upon NYSK Holdings LLCOP ("**NYSK**") for the sourcing of the cannabis plant and processing for THC oils. While the Company is not involved in any aspect of this product except the formulation, its revenue derives from the sale of the final product. As such, should NYSK be unable to fulfil an order, there may be an effect on the expected revenue stream for the Company.
- (d) The Directors also note that the sales of Medical cannabis products and Telehealth services in Europe are growing rapidly and, therefore, it is anticipated that they may become a commodity which is widely available, with multiple competing suppliers.
- (e) GP Services is currently reliant upon Quicksilva and Redcentric to provide network infrastructure and access to NHS databases. In the event that these suppliers were unable to continue to provide services, GP Services would be unable to access patient records. This could have a negative effect on the competitiveness of GP Services.

Should this take place, GP Services may be able to source network infrastructure and database access from alternative providers, but GP Services may not be able to do so quickly or with an identical service.

- (f) GP Services is also currently reliant on Tokbox for its video conference feature, which enables video consultations. If Tokbox were to be unable to provide video conferencing services, GP Services would be able to source video conference features from other suppliers, but GP Services may be unable to obtain this without some delay and disruption to its service.

### 2.3 **Kanabo may fail to obtain the exclusive rights to distribute the VapePod Devices**

- (a) Jupiter owns the intellectual property in the vaporisation technology on which the VapePod Devices are based.
- (b) Kanabo and Jupiter entered into an Exclusive Distribution and Manufacture Agreement dated 28 October 2020 for an initial term of three years. Pursuant to the agreement, Kanabo has the right to exclusively distribute the VapePod Devices in the Licence Areas subject to Kanabo securing a CE Mark ("**medical certification**") for the VapePod Medical within 12 months from the date of the agreement, unless the parties agree to extend the deadline by mutual agreement. In October 2021, Kanabo and Jupiter agreed to extend the exclusivity period up to and including the date medical certification is achieved. If Kanabo and Jupiter are able to secure medical certification then the exclusivity period will extend further for subsequent periods of 12 months in the Licence Areas (within the term of the agreement) provided that it meets minimum order requirements. If Kanabo fails to meet the ongoing minimum purchase requirements, it will lose its right as an exclusive distributor within the Licence Areas. In such circumstances, Kanabo will be able to continue to sell and market those products on a non-exclusive basis in the Licence Areas.
- (c) The Group expects to be able to obtain medical certification for the VapePod Medical within the timeline established by the extension agreed with Jupiter and it would expect to be able to meet the minimum number of purchase orders requirement over the short and medium term in respect of the Licence Areas. Furthermore, Kanabo has the benefit of a right of first refusal to extend the exclusivity arrangements with Jupiter at the end of the term of the agreement.
- (d) However, there can be no guarantee that the Group will be able to satisfy the minimum number of purchase orders requirement or obtain medical certification. If such risk materialises, the Group will be unable to maintain exclusivity over the VapePod Devices using the Jupiter technology. This means that competitors would be free to enter into distribution arrangements with Jupiter and sell vaporisation devices with equivalent technology to the VapePod Devices in the Primary Markets. If this were to happen this may reduce the competitive position of the VapePod Devices and may also have a negative impact on the Group's financial condition and results of operations.

### 2.4 **Risk related to reliance on key personnel in particular key technical staff**

- (a) One of the main assets of the Group is the combined expertise of its Board and key technical staff. The loss of the services of any key personnel, or an inability to attract

other suitably qualified persons when needed, could prevent the Group from executing on its business plan and strategy, and it may be unable to find adequate replacements on a timely basis, or at all. An inability to find suitable replacements for departing key personnel could adversely affect the ability of the Group to grow its businesses.

- (b) The Group's future success depends in large part upon the continued service of a strong senior management team, who are critical to the overall management of the Group as well as the development of its business, culture and strategic direction. Neither Kanabo nor GP Services maintain key man insurance, and, if the Group is not able to attract and retain key personnel or develop succession plan for senior management, the Group may not be able to maintain its standards of service or continue to grow as anticipated. Further, the loss of such personnel and the failure to successfully recruit replacements in a timely manner, or at all, could have a material adverse effect on its business, prospects, financial condition and results of operations.

## 2.5 **Margin risks relating to selling the products at a premium price**

- (a) Kanabo's pricing model is based upon its Retail CBD Products and its formulation for an Unlicensed Medical Cannabis Oil called T340 being sold as premium products at a premium price. If its competitors can offer competing products at a lower price, the Company may either be required to reduce its price accordingly in order to compete or it may be unable to maintain or increase its market share.
- (b) The Company's pricing model is based upon the current costs of the materials necessary in order to manufacture the products and the Directors believe that the pricing of these materials will go down, noting the increased availability and competition for raw cannabis biomass. There is however a risk that the price of the necessary materials may increase, due to increased demand as the market for Retail CBD Products grows rapidly or reduced supply due to environmental factors such as crop failure. The Directors cannot provide assurances that the cost of such materials will not rise. Any such increase in the cost to manufacture the products will erode the product margin and affect the profitability of the business.
- (c) Furthermore, there is also a risk that the rapid expansion in the market for Retail CBD Products will increase competition and cause the retail prices of other CBD oil products to be reduced. If the Company also reduces its price to stay competitive, this could further reduce its margin and profitability.

## 2.6 **Product Recalls**

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Group may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Group has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will

be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Group's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Group's products and could have a material adverse effect on the results of operations and financial condition of the Group. Additionally, product recalls may lead to increased scrutiny of the Group's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

### **3 RISKS RELATING TO THE COUNTRIES IN WHICH THE GROUP OPERATES**

#### **3.1 Conditions in Israel, Sri Lanka, Pakistan, and India could have an impact upon the execution of long-term strategic objectives**

- (a) Kanabo Research Limited ("**Kanabo Research**"), the Company's wholly owned subsidiary, is incorporated under Israeli law, and its principal business operations have to date been conducted in Israel.
- (b) Since Israel was established in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbours. Israel has experienced and may be subject to future conflict and violence with various Palestinian entities. Popular uprisings in various countries in the Middle East and North Africa are affecting the political stability of those countries. Such instability may lead to deterioration in the political and trade relationships that exist between Israel and these countries.
- (c) Several countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continue or increase. As at the date of this Prospectus, there are no trading restrictions between the UK, Germany and Israel which are likely to impact the current operations of the Group.
- (d) The commercial operations of the Group will be undertaken in the Primary Markets. The Group's long-term future objective is to develop its Medical Cannabis Products. This involves undertaking the VapePod Medical Safety Testing and the Safety and Efficacy Study in Israel. In addition, ongoing research and development activities will be conducted at Kanabo Research's R&D Lab based in Israel. Accordingly, political, economic and military conditions in Israel could potentially have an impact on the operations of activities to be undertaken in Israel, which could impact the execution of the Group's long-term strategic objectives.
- (e) GP Services currently outsources its development team to Sri Lanka, India, and Pakistan, with the majority of the development taking place in Sri Lanka. The lack of UK presence in the development team could pose a risk to the country should geopolitical or other instability arise in Southeast Asia and have a knock on effect on the business, results of operations, financial condition and/or prospects of the Group.

### **3.2 Fluctuations in currency exchange rates may significantly impact the presentation of the Group's financial results**

- (a) The functional currency of the Company is Sterling, as the currency which most affects the Group's revenue, costs and financing, however due to the geographic area of operations where the Group is present, foreign currency transactions are present.
- (b) Kanabo Research trades in New Israeli Shekels in relation to its Israeli operations and in connection with its operations in the European Union, the primary currency will be the Euro. The Company reports its results in pounds sterling. Consequently, the presentation of the financial statements may be materially affected by movements in foreign exchanges rates, particularly the Sterling cross rates. At the Group's stage of development, the Company believes the cost of hedging such risks outweighs the benefits of the hedges. The Company may seek to alter this strategy in the future, but it may not be able to put such hedges in place to prevent the Group suffering losses due to foreign exchange movements.

## **4 RISKS RELATING TO THE ORDINARY SHARES**

### **4.1 A Standard Listing affords a lower level of regulatory protection than a Premium Listing**

Application will be made for the New Ordinary Shares to be admitted to the standard listing segment on the Official List, provided that the application for the 2020 Deferred Consideration Shares to be admitted to the standard listing segment on the Official List will only be made if the issue receives approval of the Enlarged Shareholders at the 2023 AGM.

A Standard Listing affords Shareholders a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. In particular, the provisions of Chapters 6 to 13 of the Listing Rules (other than Rule 7.2.1), being additional requirements for a Premium Listing of equity securities (Premium Listing principles, sponsors, continuing obligations, significant transactions, related party transactions, dealing in own securities and treasury shares and contents of circulars), will not apply. In addition, a Standard Listing will not permit the Company to gain a FTSE indexation.

### **4.2 The FCA may suspend of the Listing of the Ordinary Shares from trading, which could diminish Shareholders' abilities to buy or sell shares and therefore their ability to receive a return on their investment**

The FCA may suspend the Ordinary Shares from trading on the London Stock Exchange if it determines that the smooth operation of the market is or may be temporarily jeopardised or it is necessary to protect investors.

The Company believes that as at the date of this Document there are no circumstances which could provide grounds for the halting or suspending of the Ordinary Shares from the London Stock Exchange for the foreseeable future. However, there can be no assurance that any such circumstances will not arise in relation to the Ordinary Shares in the future.



#### **4.3 Cancellation of Listing, which could diminish Shareholders' abilities to buy or sell shares and therefore their ability to receive a return on their investment**

The FCA may cancel the listing of the Ordinary Shares on the London Stock Exchange if satisfied that there are special circumstances precluding the normal and regular dealings in the Ordinary Shares.

The listing of the Ordinary Shares on the London Stock Exchange may also be cancelled at the request of the Company, subject to the Company giving at least 20 business days' notice of the proposed cancellation of the listing. Because the Company is listed on the Standard Listing segment of the Official List, it would not be required to seek Shareholder approval before seeking the cancellation of the listing of the Ordinary Shares on the London Stock Exchange.

#### **4.4 Market for the Ordinary Shares**

There is a limited market for the Ordinary Shares. The price of the Ordinary Shares after Admission and after admission of the 2020 Deferred Consideration Shares (as applicable) may also vary due to a number of factors, including but not limited to, general economic conditions and forecasts, the Group's general business condition and the release of its financial reports. Although the Company's current intention is that its securities should continue to trade on the London Stock Exchange, it cannot assure investors that it will always do so. In addition, an active trading market for the Ordinary Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless a market can be established and maintained, and if the Company subsequently obtains a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline.

#### **4.5 Future issues of Ordinary Shares could be dilutive**

Whilst the Company is of the opinion that the working capital available to the Group is, for at least the next twelve months from the date of this Document, it will be necessary, at some future time, for the Company to issue additional Ordinary Shares to fund future acquisition and other growth opportunities, invest in its business or for general purposes. No assurance can be given that any such additional funding will be available or, if available, that it will be available on terms that are favourable to the Group or Shareholders. Further, any of such additional issuances may result in the dilution of the percentage ownership of the existing Shareholders at that time or may adversely affect the price of the Ordinary Shares.

The Company has previously issued a number of Warrants and Options. The exercise of the Warrants and or Options would result in a dilution of Shareholders' interests. Further:

- the issue of the Outstanding Director Shares and the 2023 Fundraise Director and Officer Warrants to the 2023 Fundraise Directors and Officers, provided approval is given by the Enlarged Shareholders at the 2023 AGM; and
- the grant of the Seamróg Em Warrants to Seamróg Em, provided approval is given by the Enlarged Shareholders at the 2023 AGM; and

- the grant of the May 2023 Financial Adviser Warrants to the holders of the Financial Adviser Shares, provided approval is given by the Enlarged Shareholders at the 2023 AGM; and
- the issue of the Second Tranche 4LLC Shares to 4LLC,

would, when issued in the case of the shares and when exercised in the case of the warrants, result in a dilution of Shareholders' interests.

#### **4.6 The use of new Ordinary Shares as consideration for any further acquisition could result in significant dilution**

If Kanabo offers its Ordinary Shares as consideration pursuant to an acquisition, depending on the number of new Ordinary Shares offered and the value of such new Ordinary Shares at the time, the issuance of such new Ordinary Shares could materially reduce the percentage ownership of existing shareholders in Kanabo. Where any further acquisition target has an existing large shareholder, an issue of new Ordinary Shares as consideration or part consideration may result in such shareholder subsequently holding a large stake in Kanabo, which may, in turn, enable it to exert significant influence over the Company.

#### **4.7 The Company may not pay dividends**

Dividend payments on the Ordinary Shares are not guaranteed and the Company does not expect to declare or pay dividends in the foreseeable future. To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and in accordance with applicable law. Payments of such dividends will be dependent on performance of the Group's business. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

#### **4.8 Fluctuations and volatility in the price of Ordinary Shares**

Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Company and some which affect listed companies generally, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic, political or regulatory conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control.

#### **4.9 Realisation of Investment**

Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor may contribute both to infrequent trading in the Ordinary Shares on the London Stock Exchange and to volatile Ordinary Share price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there

will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the issue price.

#### 4.10 **Shareholders may be subject to exchange rate risks**

The Ordinary Shares are priced in pounds sterling and will be quoted and traded in pounds sterling. In addition, any dividends Kanabo may pay will be declared and paid in pounds Sterling. Accordingly, Shareholders resident in non-UK jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against the pound, which may reduce the value of the Ordinary Shares, as well as that of any dividends.

## CONSEQUENCES OF A STANDARD LISTING

Application will be made for all of the New Ordinary Shares issued pursuant to the Acquisitions, to be admitted to listing on the standard segment of the Official List (pursuant to Chapter 14 of the Listing Rules which sets out the requirements for Standard Listings) and to trading on the Main Market of the London Stock Exchange, provided that the application for the 2020 Deferred Consideration Shares to be admitted to listing on the standard segment of the Official List and to trading on the Main Market of the London Stock Exchange will only be made if the issue receives approval of the Enlarged Shareholders at the 2023 AGM. A Standard Listing affords Shareholders and investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules.

The Company is required to comply with the Listing Principles set out in Chapter 7 of the Listing Rules at Listing Rule 7.2.1 which apply to all companies with their securities admitted to the Official List. In addition, the Company also intends to comply with the Listing Principles at Listing Rule 7.2.1A notwithstanding that they only apply to companies which obtain a Premium Listing. With regard to the Listing Principles at 7.2.1A, the Company is not, however, formally subject to such Listing Principles and will not be required to comply with them by the FCA.

### 1 LISTING RULES WHICH ARE NOT APPLICABLE TO A STANDARD LISTING

Whilst the company has a Standard Listing, it is not required to comply with the provisions of the following Listing Rules:

- 1.1 Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities, which are only applicable for companies with a Premium Listing;
- 1.2 Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to Admission;
- 1.3 Chapter 9 of the Listing Rules regarding continuous obligations for a company with a Premium Listing;
- 1.4 Chapter 10 of the Listing Rules relating to significant transactions which requires shareholder consent for certain acquisitions;
- 1.5 Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, the Company is required to comply with DTR 7.3 which requires board approval and announcement of material related party transactions;
- 1.6 Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2. However, the Company's ability to buy back and cancel Ordinary Shares will remain subject to the Companies Act and the Articles; and

- 1.7 Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to shareholders.
- 1.8 In addition to the above, companies with a Standard Listing are not required to comply with the below eligibility and ongoing requirements for a Premium Listing:
- 1.9 Companies with a Standard Listing are not required to: (i) exercise operational control over the business it carries on as its main activity; or (ii) carry on an independent business as their main activity.
- 1.10 The UK Corporate Governance Code does not apply directly to companies with a Standard Listing. However, pursuant to paragraph 7.2 of the DTRs, companies with a Standard Listing are still required to make a statement covering the governance code to which the issuer is subject in relation to the financial reporting process and certain details of its share capital. The directors of companies with a Standard Listing are also required to include a description of the internal control and risk management systems and the composition of committees. The Company will comply with such requirements set out in DTR 7.2. The Company is subject to, and complies with, the QCA Code.
- 1.11 A Standard Listing does not require a company to offer pre-emption rights pursuant to the Listing Rules.

## **2 LISTING RULES WITH WHICH THE COMPANY MUST COMPLY UNDER A STANDARD LISTING**

There are, however, a number of principles and continuing obligations set out in Chapter 7 and Chapter 14, respectively, of the Listing Rules that are applicable to the Company. These include requirements as to:

### **2.1 Chapter 7 - Listing Principles**

- (a) the taking of reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with these obligations (Listing Rule 7.2.1);
- (b) the dealing with the FCA in an open and co-operative manner (Listing Rule 7.2.1);

### **2.2 Chapter 14 – Continuing Obligations**

- (a) the forwarding of circulars and other Registration Documentation to the FCA for publication through the Registration Document viewing facility and related notification to a regulatory information service;
- (b) the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules;
- (c) the form and content of temporary and definitive documents of title;
- (d) the appointment of a registrar;

- (e) the making of regulatory information service notifications in relation to a range of debt and equity capital issues; and
- (f) at least 10 per cent. of the Ordinary Shares being held by the public.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company is required to comply with the Disclosure Guidance and Transparency Rules, in particular Chapters 4, 5 (if applicable) and 6.

A company with a Standard Listing is not currently eligible for inclusion in the any of the FTSE indices. This may mean that certain institutional investors are unable or unwilling to invest in the New Ordinary Shares.

## IMPORTANT INFORMATION

### 1 GENERAL

- 1.1 No person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Ordinary Shares other than those contained in this Document and any supplementary prospectus published by the Company prior to Admission and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company. Without prejudice to the Company's obligations under the UK Prospectus Regulation, the Prospectus Regulation Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules and UK MAR, neither the delivery of this Document nor any subscription for or purchase of Ordinary Shares, under any circumstances, creates any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this Document.
- 1.2 Prospective investors must not treat the contents of this Document or any subsequent communications from the Company, the Directors or any of their respective affiliates, officers, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.
- 1.3 The section headed 'Summary' should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the investor. In particular, investors must read the section headed "What are the key risks that are specific to the issuer?" of the Summary together with the risks set out in the section headed 'Risk Factors' beginning on page 8 of this Document.
- 1.4 In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Group, this Document and the terms of the Admission and the admission of the 2020 Deferred Consideration Shares (as applicable), including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Investors should inform themselves as to:
- (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
  - (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
  - (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either on a liquidation and distribution or otherwise. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.
- 1.5 An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Group's objectives will be achieved.

- 1.6 It should be remembered that the price of the Ordinary Shares and any income from such Ordinary Shares can go down as well as up.
- 1.7 This Document should be read in its entirety before making any application for Ordinary Shares. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.
- 1.8 This Document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction:
- (a) in which such offer or solicitation is not authorised; or
  - (b) in which the person making such offer or invitation is not qualified to do so; or
  - (c) to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Document and the offering of Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom who obtain possession of this Document are required by the Company and the Directors to inform themselves about, and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of this Document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Directors that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company nor the Directors accept any responsibility for any violation of any of these restrictions by any person.

- 1.9 The Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan or to any national, resident or citizen of Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan.
- 1.10 **The Ordinary Shares have not been approved or disapproved by the SEC, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.**

## **2 INFORMATION TO DISTRIBUTORS**

- 2.1 Solely for the purposes of the product governance requirements contained within: (a) the UK's implementation of EU Directive 2014/65/EU on markets in financial instruments, as amended ("**UK MiFID II**"); and (b) the UK's implementation of Articles 9 and 10 of Commission Delegated



Directive (EU) 2017/593 supplementing UK MiFID II, and in particular Chapter 3 of the Product Intervention and Product Governance Sourcebook of the FCA (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in UK MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by UK MiFID II (the "**Target Market Assessment**").

- 2.2 Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as in the MiFID II Product Governance Requirements) should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income or capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.
- 2.3 For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of UK MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.
- 2.4 Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

### **3 DATA PROTECTION**

- 3.1 The information that a prospective investor in the Company provides in documents in relation to a subscription for Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("**personal data**") will be held and processed by the Company (and any third party to whom it may delegate certain administrative functions in relation to the Company) in compliance with: (a) the relevant data protection legislation and regulatory requirements of the United Kingdom (the "**Data Protection Legislation**"); and (b) the Company's privacy notice, a copy of which is available for consultation on the Company's website at [www. https://www.kanabogroup.com/privacy-policy/](https://www.kanabogroup.com/privacy-policy/) ("**Privacy Notice**") (and if applicable any other third party delegate's privacy notice).
- 3.2 Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) in accordance with and for the purposes set out in the Company's Privacy Notice which include:
- (a) verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;

- (b) carrying out the business of the Company and the administering of interests in the Company; and
  - (c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere or any third party functionary or agent appointed by the Company.
- 3.3 Where necessary to fulfil the purposes set out above and in the Company's Privacy Notice, the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) will:
  - (a) disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
  - (b) transfer personal data outside of the United Kingdom to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors provided that suitable safeguards are in place for the protection of such personal data, details of which are set out in the Privacy Notice or shall be otherwise notified from time to time.
- 3.4 The foregoing processing of personal data is required in order to perform the contract with the prospective investor, to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.
- 3.5 If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that adequate safeguards are in place for the protection of such personal data, details of which are set out in the Privacy Notice or shall be otherwise notified from time to time.
- 3.6 Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions. Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Company's Privacy Notice.

#### **4 PRESENTATION OF FINANCIAL INFORMATION**

- 4.1 All financial information for the Company is prepared under UK-adopted international accounting standards.
- 4.2 Certain financial and statistical information contained in this Document has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

## **5 PRESENTATION OF MARKET AND OTHER DATA**

Market and economic data used throughout this Document is sourced from various independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **6 CURRENCY PRESENTATION**

Unless otherwise indicated, all references in this Document to "£", "pence" or "GBP" are to the lawful currency of the UK, all references in this Document to "Euro" or "€" are to the lawful currency of EU; and all references in this Document to "USD" or "US\$" are to the lawful currency of the United States and all references in this Document to "CAD" or "CA\$" are to the lawful currency of Canada.

## **7 DEFINITIONS**

Capitalised terms contained in this Document shall have the meanings ascribed to them in Part IX (Definitions) and Part X (Glossary of Technical Terms) of this Document, save where the context indicates otherwise.

## **8 THIRD PARTY INFORMATION**

The Company confirms that all third-party information contained in this Document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party information has been used in this Document, the source of such information has also been identified.

Certain of the aforementioned third-party sources may state that the information they contain has been obtained from sources believed to be reliable. However, such third-party sources may also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Company does not have access to the facts and assumptions underlying such market data, statistical information and economic indicators included in these third-party sources, the Company is unable to verify such information.

## **9 WEBSITES**

Save for any documents incorporated by reference from the website as described in Part VIII (Documents incorporated by Reference) of this Document, neither the contents of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of this Document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this Document and the documents incorporated by reference as described in Part VIII (Documents incorporated by Reference) of this Document, alone.

## **10 GOVERNING LAW**

Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales.

## **11 FORWARD LOOKING STATEMENTS**

- 11.1 This Document contains forward looking statements, including, without limitation, statements containing the words "believes", "estimates", "anticipates", "expects", "intends", "may", "might", "will" or "should" or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.
- 11.2 Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements speak only as at the date of this Document. Subject to its legal and regulatory obligations (including under the Prospectus Regulation Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Listing Rules, the UK Prospectus Regulation, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules and UK MAR.
- 11.3 Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 13 of Part VII (Additional Information) of this Document.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Completion of the GP Services Acquisition	21 February 2022
Publication of this Prospectus	13 June 2023
Admission & commencement of dealings in the Outstanding Consideration Shares on the London Stock Exchange	8.00 a.m. on or around 28 June 2023
CREST accounts of GP Sellers holding in uncertificated form credited with Outstanding Consideration Shares	8.00 a.m. on or around 28 June 2023
Despatch of share certificates for Outstanding Consideration Shares to GP Sellers holding in certificated form	within 7 days of Admission
Admission & commencement of dealings in the 2020 Deferred Consideration Shares on the London Stock Exchange**	within 5 business days following the 2023 AGM**
CREST accounts of Kanabo Research Sellers holding in uncertificated form credited with 2020 Deferred Consideration Shares**	8.00 a.m. on admission of the 2020 Deferred Consideration Shares**
Despatch of share certificates for 2020 Deferred Consideration Shares to Kanabo Research Sellers holding in certificated form**	within 7 days of admission of the 2020 Deferred Consideration Shares**

*\*All references to time in this Prospectus are to London time unless otherwise stated.*

*\*\*Subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM.*

## SHARE CAPITAL AND ACQUISITION STATISTICS

Number of Existing Ordinary Shares in issue at Last Practicable Date	500,385,193
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Number of Outstanding Consideration Shares to be issued by the Company to the GP Sellers as consideration for the GP Services Acquisition <sup>2</sup>	72,831,186
Number of 2020 Deferred Consideration Shares to be issued by the Company to the Kanabo Research Sellers as consideration for the Kanabo Research Acquisition, subject to approval of the Enlarged Shareholders at the 2023 AGM	38,461,492
Number of Outstanding Director Shares to be issued by the Company to the 2023 Fundraise Directors and Officers, subject to approval of the Enlarged Shareholders at the 2023 AGM	18,749,999
Number of Ordinary Shares in issue immediately following the issue of the Outstanding Consideration Shares (" <b>Enlarged Issued Share Capital on Admission</b> ")	573,216,379
Outstanding Consideration Shares as a percentage of the Enlarged Issued Share Capital on Admission	12.71 per cent.
Enlarged Fully Diluted Share Capital (assuming all of the Warrants and Options are exercised)	630,814,748
Warrants and Options as a percentage of the Enlarged Fully Diluted Share Capital (assuming all of the Warrants and Options are exercised)	9.13 per cent.

#### DEALING CODES

ISIN	GB00BYQCS703
SEDOL	BYQCS70
LEI	213800XPJFSNWJIYKN52
TIDM	KNB

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<sup>2</sup> As detailed in paragraph 2.5 of Part I (Description of the Acquisitions), 21,302,460 Consideration Shares were allotted and issued to Atul Devani, Atul Suryakant Devani MW Trustees Limited and Suleman Sacranie on 21 February 2022.

## DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Directors:</b>	Avihu Tamir (Executive Director, Chief Executive Officer) David Tsur (Non-Executive Director, Deputy Chair) Ian Mattioli (Non-Executive Director, Chair) Sharon Malka (Non-Executive Director) The service address for each of the Directors is: Churchill House, 137-139 Brent Street, London, NW4 4DJ
<b>Company Secretary:</b>	Assaf Vardimon Churchill House 137-139 Brent Street London NW4 4DJ
<b>Financial Adviser and Broker:</b>	Peterhouse Capital Limited 3rd Floor 80 Cheapside London EC2V 6EE
<b>Public &amp; Investor Relations</b>	Vigo Consulting Sackville House 40 Piccadilly London W1J 0DR
<b>Reporting Accountant:</b>	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD
<b>Legal Advisers to the Company:</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Auditor</b>	MHA 6th Floor 2 London Wall Place London EC2Y 5AU
<b>GP Services' Auditor<sup>3</sup></b>	Azets Audit Services 2 <sup>nd</sup> Floor Regis House 45 King William Street

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<sup>3</sup> For the Year ended 31 January 2021 and 31 January 2022

London  
EC4R 9AN

**Registrar:** Neville Registrars Limited  
Neville House  
Steelpark Road  
Halesowen B62 8HD

**Registered Address:** Churchill House  
137-139 Brent Street  
London NW4 4DJ

**Website:** <http://www.kanabogroup.com>



## PART I

### DESCRIPTION OF THE ACQUISITIONS

#### 1 KANABO RESEARCH ACQUISITION

- 1.1 On 18 December 2020, the Company announced that it had entered into a share purchase agreement to conditionally acquire up to 100 per cent. of the issued share capital of Kanabo Research Limited ("**Kanabo Research**").
- 1.2 The Kanabo Research Acquisition was subject to the satisfaction of certain conditions (the "**Conditions**"), including, *inter alia*:
- (a) The Company having obtained a waiver from The Panel under Rule 9 of the Takeover Code; and
  - (b) The successful completion of fundraising activities to be undertaken by way of a placing and direct subscriptions by new and existing investors.
- 1.3 Following satisfaction of the Conditions, the Company acquired 100 per cent of Kanabo Research on RTO Admission and in consideration for the Kanabo Research Acquisition, the Company allotted and issued 230,769,210 ordinary shares to the Kanabo Research Sellers (the "**Kanabo Research Consideration Shares**").
- 1.4 In addition to the Kanabo Research Consideration Shares, under the terms of the Kanabo Research SPA, the Kanabo Research Sellers were entitled to receive additional consideration through the allotment of up to 38,461,492 new Ordinary Shares for 6.5p each Ordinary Share based on the RTO Admission, subject to, and conditional upon the satisfaction of certain milestones. The milestones are as follows (the "**Milestones**" and each a "**Milestone**"):
- (a) submission of a valid application for approval to undertake the VapePod Medical Safety Testing including the submission of detailed protocols;
  - (b) approval of a full European CE Mark file for registration of the VapePod Medical, as a medical device;
  - (c) sale of one of the Company's Medical Cannabis Products in the Primary Markets;
  - (d) first commercial sales in the Primary Markets of a new product line to add to Kanabo Research's range of Retail CBD Products, including, *inter alia*, new CBD oil formulation(s) and or new delivery system for consumer use of the CBD oil formulation(s).
- 1.5 Pursuant to clause 4 of the Kanabo Research SPA:
- (a) if one Milestone was satisfied on or before the date falling nine months from RTO Admission (the "**Relevant Date**"), the Company would allot and issue 19,230,746 Ordinary Shares credited as fully paid, within 10 Business Days of the Relevant Date (the "**Issue Date**") to the Kanabo Research Sellers;

- (b) if two or more Milestones were satisfied on or before the Relevant Date, the Company would allot and issue in aggregate 38,461,492 Ordinary Shares by the Issue Date to the Kanabo Research Sellers; and
- (c) if none of the Milestones were satisfied on or before the Relevant Date the Kanabo Research Sellers would not be entitled to receive any additional consideration.

1.6 As of 15 November 2021, Kanabo Research satisfied three of the Milestones, and accordingly 38,461,492 new Ordinary Shares (the "**2020 Deferred Consideration Shares**") should have been allotted and issued to the Kanabo Research Sellers. Notwithstanding that the Issue Date has passed, the 2020 Deferred Consideration Shares have not been allotted and issued by the Company (the "**Default**"). The Default can be attributed to the fact that Kanabo was anticipating using the 20 per cent. exemption on a proposed acquisition, which, following protracted negotiations over the course of a year, did not complete. As a result of the lengthy discussions between the parties, the relevant authorities pursuant to which the 2020 Deferred Consideration Shares were to be issued subsequently expired. Further, the Company's fundraising in February 2022 (further detail of which is set out in paragraph 15.5 of Part VII (Additional Information)) pursuant to which 28,125,000 ordinary shares were issued to places, impacted the Company's ability to issue the 2020 Deferred Consideration Shares due to the aforementioned 20 per cent. exemption<sup>4</sup>.

1.7 On 28 December 2021, (i) the Company, (ii) Kanabo Research and (iii) Avihu Tamir (acting in his capacity as Sellers' Representative under the Kanabo Research SPA) entered into a deed of amendment pursuant to which the parties agreed to amend the Kanabo Research SPA such that the Company shall allot and issue the 2020 Deferred Consideration Shares on a date determined by the Directors and the Sellers' Representative, and in any event no later than the first anniversary of the deed of amendment. A further extension to extend the date to 28 December 2023 was agreed by virtue of a deed of amendment dated 15 February 2023.

1.8 Following admission of the 2020 Deferred Consideration Shares, being once approval of the issue has been given by the Enlarged Shareholders at the 2023 AGM, the 2020 Deferred Consideration Shares will be allotted, issued and credited as fully paid, with the same rights and ranking *pari passu* in all respects with any ordinary shares on issue in the Company at the time the 2020 Deferred Consideration Shares are issued, including the right to receive all dividends, distributions or any return of capital declared, paid or made after the date of Completion.

## 2 INTRODUCTION TO THE GP SERVICES ACQUISITION

2.1 On 21 February 2022 ("**Completion Date**"), Kanabo announced that it had entered into a sale and purchase agreement (the "**SPA**") with the shareholders of The GP Service (UK) Ltd (the "**GP Sellers**") (ii) Avihu Tamir ("**AT**"), (iii) Kanabo GP Limited ("**Kanabo Newco**") and (iv) The GP Service (UK) Limited to acquire The GP Service (UK) Ltd ("**GP Services**" or the "**Target**") for a net consideration of c.£13,498,634.

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<sup>4</sup> Article 1(5)(a), UK Prospectus Regulation

2.2 Pursuant to the terms of the SPA:

- (a) the Company's subsidiary, Kanabo GP Limited acquired the entire issued share capital of GP Services from the GP Sellers, in consideration for Kanabo issuing 94,133,645 ordinary shares in Kanabo Newco ("**Newco Shares**") to the GP Sellers; and
- (b) the Company and the GP Sellers agreed to grant each other put and call options (the "**Options**"), upon the exercise of which (whether by Kanabo or by the GP Sellers, as applicable), the GP Sellers will transfer the Newco Shares to Kanabo in exchange for the allotment and issue of the Consideration Shares. If Admission has not occurred by the date 13 months after the Completion Date, the Company (or a member of its Group) is required to pay to the GP Sellers from that date an amount equal to interest on the amount of the purchase price at a rate of 10 per cent. per annum until Admission.

2.3 Following Admission, the Outstanding Consideration Shares will be credited as fully paid, with the same rights and ranking pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends, distributions or any return of capital declared, paid or made after the date of Completion. On Admission, the holders of the Outstanding Consideration Shares will hold in aggregate 12.71 per cent. of the Enlarged Issued Share Capital.

2.4 There are no proceeds receivable by Kanabo as a result of or in connection with the GP Services Acquisition.

2.5 On the Completion Date, the Company approved the execution and issue of a notice of exercise of option to be issued to Atul Devani, Atul Suryakant Devani MW Trustees Limited and Suleman Sacranie (the "**GP Management Sellers**"). Consequently, the Newco Shares held by the GP Management Sellers were exchanged for 21,302,460 Consideration Shares broken down as follows:

Name of GP Management Seller	Number of Consideration Shares issued
Atul Devani	9,599,108 <sup>5</sup>
Atul Suryakant Devani MW Trustees Limited	1,052,122 <sup>6</sup>
Suleman Sacranie	10,651,230

<sup>5</sup> On 25 April 2023, the Company, Luca Longobardi and The 4th Consulting LLC (formerly known as The 4th LLC) ("**4LLC**") entered into a settlement agreement whereby the Company agreed to issue 5 million shares to 4LLC ("**4LLC Settlement Shares**") ("**4LLC Settlement Agreement**"), as agreed consideration for the engagement of 4LLC by the Company, pursuant to the engagement agreement between 4LLC and the Company dated 6 June 2021. On 28 September 2022, the Company entered into a settlement agreement with (1) Atul Devani, (2) GP Services and (3) Kanabo Newco, pursuant to which his employment with GP Services was terminated ("**GP Services Settlement Agreement**"). Under the terms of the GP Services Settlement Agreement, Atul Devani agreed to return 25 per cent. of his Consideration Shares (comprising the 9,599,108 held by him directly and the 1,052,122 held by his trust Atul Suryakant Devani MW Trustees Limited) which amounts to 2,662,808 ordinary shares, to the Company. The Company also agreed to make a one-off payment of £25,000 to Atul Devani in exchange for a mutual waiver of all potential claims ("**Termination Shares**"). The Termination Shares were transferred from Atul Devani to Luca Longobardi on 25 May 2023. The Company proposes that the issue of the 4LLC Settlement Shares by the Company to 4LLC be partially settled by way of transfer of the Termination Shares by Atul Devani to Luca Longobardi, in accordance with the 4LLC Settlement Agreement.

<sup>6</sup> Please see footnote 1, above.

- 2.6 As a result of the allotment and issue of 21,302,460 Consideration Shares to the GP Management Sellers on the Completion Date, there are 72,831,186 Consideration Shares ("**Outstanding Consideration Shares**") left to be issued to the remaining GP Sellers at 12.65p per Outstanding Consideration Share based on the acquisition of GP Services. As the number of Outstanding Consideration Shares left to be issued to the remaining GP Sellers combined with the 2020 Deferred Consideration Shares exceeds the 20 per cent. exemption under Article 1(5)(a) UK Prospectus Regulation, this prospectus is required to be produced.
- 2.7 In connection with the GP Services Acquisition, the GP Sellers entered into lock-in agreements with the Company and Kanabo Newco, pursuant to which they have agreed not to dispose of the Newco Shares, and in circumstances where they acquire Consideration Shares, those Consideration Shares, subject to the certain exceptions, within a period of eighteen (18) months for Maven GP Sellers or thirty-six (36) months for Non-Maven GP Sellers, following Completion. Further detail on the lock-in agreements is set out in paragraph 3 below.
- 2.8 Following Completion, the Group comprises the Company and its subsidiary undertakings from time to time and GP Services.
- 2.9 Further details on the key terms of the SPA are set out in paragraph 3 of this Part I (Description of the Acquisitions).

### **3 BACKGROUND TO AND REASONS FOR THE GP SERVICES ACQUISITION**

- 3.1 Kanabo's core strategy is to:
- (a) increase revenues from the sale of its Retail CBD Products in the Primary Markets;
  - (b) grow the Kanabo brand through its marketing initiatives; and
  - (c) continue its sale of the its formulation for an Unlicensed Medical Cannabis Oil called T340 as well as its research and development activities to develop a range of Unlicensed Medical Cannabis Oils, to be sold alongside its vaporisation device, the VapePod Medical.
- 3.2 Kanabo is seeking to support its growth through the acquisition of complementary businesses, enabling access to new distribution channels and better market penetration. Additionally, the Company is aiming to enhance its processing and production capability.
- 3.3 GP Services is an approved provider on the NHS digital framework for video and online consultations. GP Services offers the services of online doctors to help diagnose and treat common conditions using its internet-based consultation platform. The system allows patients to consult with qualified doctors via online assessment questionnaires and through secure video chat. As part of the consultation process, GP Services' doctors are able to provide prescriptions, as well as write referral letters for hospital care, and fit notes. Further, GP Services' platform enables doctors to send electronic prescriptions to a network of 4,200 high street and supermarket pharmacies.

3.4 The Directors therefore believe that the GP Services Acquisition presents a unique opportunity for the Group to become a leader in the medical cannabis and telehealth industries in the UK and Europe. The Directors have identified the following key benefits:

- (a) Establishing a fully compliant and technology-driven channel for the sale of Kanabo's medical cannabis products and clinical services, with the potential for future growth and expansion into new markets through the offering of SaaS (software as a service) solutions. This means that the Group will be able to offer a range of services and products through a digital platform, allowing for greater accessibility and convenience for customers.
- (b) Leveraging GP Services' platform and extensive distribution network, which includes over 4,000 pharmacies in the UK, to expand the sale of Kanabo's products and services beyond primary care. This will allow the Group to prescribe controlled medications, such as medical cannabis, to a wider range of customers. The distribution network and platform will provide the infrastructure and support to reach a larger audience, increasing the potential for sales and revenue.
- (c) Enhancing Kanabo's UK market proposition by offering a more comprehensive range of healthcare services and prescriptions that cover both primary and secondary care. This will broaden the target audience for Kanabo's products and services and provide the opportunity to offer additional products and services to GP Services' and Kanabo's existing customers. This will allow the Group to appeal to a wider range of healthcare needs, potentially increasing customer loyalty and retention.

3.5 The Director's believe that the current market is the right time for the GP Services Acquisition due to the increasing demand for medical cannabis and telehealth services. As more people become aware of the potential benefits of medical cannabis and the convenience of telehealth, the Group may be well-positioned to capitalise on this growing market. Additionally, the COVID-19 pandemic has highlighted the importance of digital healthcare solutions, which may further drive demand for the combined company's services.

3.6 Kanabo has established and developed a supply chain for its Retail CBD Products, which is producing positive results in the form of initial revenues. The oil vaporisation delivery method selected by Kanabo is one of the fastest growing market segments. Market response has been favourable with the Retail CBD Products being seen as distinctive and appealing to consumers. Kanabo has the exclusive right to use the proprietary technology of Jupiter in its vaporisation devices with its trademark the "VapePod" in the Licence Areas, a device that has delivered strong sales for Jupiter in North America. Revenues from early sales of Retail CBD Products are expected to fuel the continuing growth of the business.

### 3.7 **Pipeline of Medical Cannabis Products**

The Directors recognised that there is a growing market for prescription based medical cannabis products in European Union, particularly in the Primary Markets. As a result of Israel's supportive position on medical cannabis, Kanabo has been in the process of developing its Medical Cannabis Products since its formation and has achieved some important milestones, including the completion of a preliminary study in relation to its most advanced Unlicensed Medical Cannabis Oil "Nabinnol". The development of a line of Medical Cannabis Products will

enable the Group to position its products within two fast growing consumer markets within Europe.

### 3.8 R&D Capability/Facility

Israel is an internationally recognised centre of pioneering research into cannabis and cannabinoids and has operated a national medical cannabis programme for patients for many years. Kanabo has been able to draw upon scientific expertise from a strong and experienced technical team, which has enabled Kanabo to develop its own R&D capability. It has the benefit of certain R&D Licences and a dedicated R&D facility, which has enabled Kanabo to undertake scientific studies and where it can continue to undertake product development and testing. The R&D undertaken by Kanabo in respect of its products is not a legal or regulatory requirement and is not done for the purpose of clinical trials. These capabilities enable Kanabo to build its business based on sound scientific evidence and to generate both formal intellectual property and deep operational "know-how".

## 4 KEY TERMS OF THE GP SERVICES ACQUISITION

### 4.1 Sale and Purchase Agreement

- (a) The SPA was entered into on 21 February 2021 between (i) the Company, (ii) the GP Sellers, (iii) Avihu Tamir, (iv) Kanabo Newco and (v) GP Services to acquire GP Services.
- (b) The Company and the GP Sellers agreed that the consideration, for the purchase of the entire issued share capital of GP Services would be satisfied by:
  - (i) the allotment and issue of 94,133,645 Consideration Shares to the GP Sellers;
  - (ii) the payment of £600,720.50, being the amount outstanding (being both principal and interest) pursuant to an agreement entered into by GP Services under the Coronavirus Business Interruption Loan Scheme ("**CBILS**");
  - (iii) the payment of £1,590,728.80, being the amount outstanding (being both principal and interest) pursuant to a term loan agreement dated 22 November 2018 and entered into between MEIF WM Debt LP ("**MEIF**") and GP Services, to be satisfied by the allotment and issue of 12,574,931 ordinary shares, subject to the new terms agreed in the MEIF Deed of Amendment, further details of which are set out at paragraph 3.3 below; and
  - (iv) the payment of £40,000, being half the estimated aggregate amount payable by Kanabo Newco and the Sellers in connection with the warranty and indemnity insurance policy (the "**W&I Policy**") to be taken out by Kanabo Newco.
- (c) The consideration payable was subject to a debt adjustment on agreement of completion accounts as at 31 January 2022. The completion accounts mechanism determined that there was no adjustment required to be made to the consideration payable.

- (d) Under the SPA, Kanabo Newco further agreed that it, or a member of its Group, will advance to GP Services as a working capital loan (i) £500,000 within six business days of the Completion Date; (ii) a further £500,000 by the date falling six months after the Completion Date and (iii) £1,000,000 by the date falling eighteen months after the Completion Date (each a "**Working Capital Sum**" and together the "**Working Capital Sums**"). The first two Working Capital Sum payments have been paid to GP Services. In the event that Kanabo Newco or a member of its Group fail to advance a Working Capital Sum, Kanabo Newco will procure that the GP Sellers are immediately released from all and every obligation under the Lock-In Agreements which shall terminate immediately. In addition to the Working Capital Sums, Kanabo or a member of its Group shall provide reasonably sufficient financial support to GP Services to enable GP Services to achieve its business plan.
- (e) During the period from and including Completion Date up to and including Admission (the "**Interim Period**") Kanabo and the GP Sellers have agreed to certain obligations, including inter alia:
- (i) Kanabo undertakes that it will not issue any new shares or securities without the written consent of the GP Sellers' representative except that Kanabo can issue new shares or securities in connection with any binding existing commitments as at Completion Date, to employees by way of employee options and issues for cash to raise new equity funds;
  - (ii) Kanabo and Kanabo Newco will:
    - (A) pay all premiums in connection with the W&I Policy as soon as such premiums become due for payment;
    - (B) appoint and maintain the appointment of a nominee of the GP Sellers as a director of the Kanabo Newco;
    - (C) procure that GP Services carries on its business in the ordinary course and that Kanabo Newco does not trade or act other than as a holding company of GP Services;
    - (D) allow a representative of the GP Sellers to be an observer of all Kanabo's board meetings;
    - (E) in the case of Kanabo, not sell Kanabo Newco or any material assets, and in the case of Kanabo Newco, not sell GP Services or any material assets.
- (f) The SPA contains warranties and covenants that are customary for an English-law governed acquisition of the size and nature of the GP Services Acquisition. Certain of the warranties given under the SPA include, among other things:
- (i) their title and ownership of the shares in the Target;
  - (ii) their capacity to enter into the SPA;

- (iii) financial statements of the Target, undisclosed liabilities and events since the most recent audited financial statements; and
- (iv) the underlying business of the Target.
- (g) Kanabo, Kanabo Newco and AT have given warranties to the GP Sellers which are broadly reciprocal to the fundamental warranties provided by the GP Sellers.
- (h) Kanabo has obtained warranty and indemnity insurance in respect of the warranties in the SPA, subject to certain specific limitations agreed with the relevant insurer, to provide recourse for Kanabo in the event that certain warranties are breached. The SPA also contain other customary limitations and exclusions on liability.
- (i) The SPA is governed by the laws of England and Wales. The courts of England and Wales will have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the SPA.

#### 4.2 Lock-In Agreements

(a) **Non-Maven GP Sellers**

Pursuant to a lock-in agreement dated 21 February 2022, between (1) the Company, (2) Kanabo Newco and (3) the Non-Maven GP Sellers, the Non-Maven GP Sellers have each agreed that, subject to the certain exceptions, from Completion Date up to and including the date falling 36 months following Completion Date ("**Lock-in Period**") they will not transfer, or agree to transfer, any interest in the Newco Shares held by them, and in circumstances where they acquire Consideration Shares, those Consideration Shares (together, the "**Locked Up Shares**"), and/or enter into or agree to enter into any derivative transaction of any type whatsoever (including, without limitation, any swap, contract for differences, option, warrant, convertible securities or futures transaction or arrangement) in respect of, or referenced to, any Newco Shares, whether any such transaction is settled by delivery of any of the Newco Shares or other securities, in cash or otherwise.

(b) **Maven GP Sellers**

Pursuant to a lock-in agreement dated 21 February 2022, between (1) the Company, (2) Kanabo Newco and (3) the Maven GP Sellers, the Maven GP Sellers have each agreed that, subject to the certain exceptions, from Completion Date up to and including the date falling 18 months following Completion Date ("**Lock-in Period**") they will not transfer, or agree to transfer, any interest in the Newco Shares held by them, and in circumstances where they acquire Consideration Shares, those Consideration Shares (together, the "**Locked Up Shares**"), and/or enter into or agree to enter into any derivative transaction of any type whatsoever (including, without limitation, any swap, contract for differences, option, warrant, convertible securities or futures transaction or arrangement) in respect of, or referenced to, any Newco Shares, whether any such transaction is settled by delivery of any of the Newco Shares or other securities, in cash or otherwise.



- (c) For a further period of 18 months following the expiry of the Lock-in Period each Maven GP Seller has agreed that they will not will not dispose or agree to dispose of any interest in the Ordinary Shares held by them without prior written notice to the Company, and such proposed disposal shall be in such a manner as the Company requires with a view to maintaining an orderly market in the shares of the Company.

#### 4.3 **MEIF Deed of Amendment**

- (a) On Completion Date, the Company entered into a deed of amendment relating to a term loan agreement entered into between MEIF WM Debt LP ("**MEIF**") and GP Services on 22 November 2018 (the "**MEIF Deed of Amendment**").
- (b) Pursuant to the terms of the MEIF Deed of Amendment, the Company agreed that when the outstanding balance of the loan, being £1,590,728.78 (the "**Repayment Amount**") becomes due and payable on 30 September 2023 (the "**Repayment Date**"):
  - (i) Kanabo will give instructions to its broker to find buyers for up to 12,574,931 ordinary shares of £0.025 in the capital of Kanabo (the "**MEIF Kanabo Shares**");
  - (ii) should a buyer(s) be found for some or all of the MEIF Kanabo Shares, Kanabo will immediately allot and issue the shares and will apply for admission to trading on the London Stock Exchange in respect of such shares;
  - (iii) Kanabo will procure that its broker promptly accounts to MEIF for the proceeds of sale of the sold shares by making an electronic transfer of such proceeds to an account nominated by MEIF; and
  - (iv) Kanabo will procure that its broker continues to seek buyers for any MEIF Kanabo Shares until all MEIF Kanabo Shares have been sold.
- (c) The Repayment Amount will be discharged in full by GP Services once all the MEIF Kanabo Shares have been sold and the proceeds of sale of such shares have been received in full by MEIF.
- (d) Pursuant to the terms of the MEIF Deed of Amendment, each MEIF Kanabo Share shall be deemed to have a value equal to £0.1265.
- (e) The MEIF Deed of Amendment is governed by and construed in accordance with the laws of England and Wales.

#### 4.4 **Second MEIF Deed of Amendment**

- (a) On 26 April 2023 the Company entered into a second deed of amendment (the "**Second MEIF Deed of Amendment**") relating to a term loan agreement entered into between MEIF WM Debt LP ("**MEIF**") and GP Services on 22 November 2018 ("**Original MEIF Loan Agreement**"), as amended by the MEIF Amendment Deed (together, the "**Existing MEIF Loan Agreement**").
- (b) Pursuant to the terms of the Second MEIF Deed of Amendment:

- (i) the definition of "Final Repayment Date" in the Original MEIF Loan Agreement is deleted in its entirety and replaced with "*31 December 2024 or such later date as determined by the Lender*";
  - (ii) the terms of the MEIF Deed of Amendment are terminated and superseded by the Second MEIF Deed of Amendment;
  - (iii) the outstanding balance of the Loan (as set out in the Existing MEIF Loan Agreement), including all accrued but unpaid interest, fees and warrant, being as at the date of the Second MEIF Deed of Amendment, £1,590,728.78 ("**Repayment Amount**") will become due and payable on 31 December 2024 (the "**Final Repayment Date**");
  - (iv) Kanabo will, any time prior to the Final Repayment Date, give instructions to its broker to find buyers for the MEIF Kanabo Shares, provided that the price for any MEIF Kanabo Shares sold in the period up to and including 31 December 2024 shall be subject to MEIF's consent;
  - (v) should a buyer(s) be found for some or all of the MEIF Kanabo Shares ("**Sold Shares**"), Kanabo will immediately allot and issue the Sold Shares and will apply for admission to trading on the London Stock Exchange in respect of such Sold Shares, immediately following such admission, the Sold Shares will be sold by Kanabo's broker to the buyers (the proceeds payable by all buyers for all Sold Shares, being the "**Aggregate Proceeds**");
  - (vi) Kanabo will, procure that its broker promptly accounts to MEIF for the Aggregate Proceeds by making an electronic transfer of the Aggregate Proceeds to an account nominated by MEIF; and
  - (vii) Kanabo will procure that its broker continues to seek buyers for any MEIF Kanabo Shares that are not Sold Shares, in accordance with clause 4.4(b)(iv) above, until the earlier of (i) the date on which all MEIF Kanabo Shares have become Sold Shares; and (ii) the Final Repayment Date.
- (c) The Repayment Amount will be discharged in full by GP Services upon the earlier of:
- (i) all of the MEIF Kanabo Shares having become Sold Shares and the Aggregate Proceeds of such Sold Shares having been received in full by MEIF; and
  - (ii) GP Services otherwise having made voluntary repayments of the Loan in an amount equal to the then current Repayment Amount,
- and at such time MEIF shall release GP Services from any liability in respect of the repayment of the Repayment Amount.
- (d) Pursuant to the terms of the Second MEIF Deed of Amendment:
- (i) each MEIF Kanabo Share shall be deemed to have a value equal to £0.1265; and

- (ii) Kanabo shall provide an update to MEIF by 31 March 2024 as to the progress of the sale of the MEIF Kanabo Shares in the event that any MEIF Kanabo Shares remain unsold.
- (e) The Second MEIF Deed of Amendment is governed by and construed in accordance with the laws of England and Wales.

#### 4.5 **Maven Waiver Letter**

- (a) Pursuant to a waiver letter dated 8 June 2023, from each of the Maven GP Sellers and DVest Nominees Limited ("**DVest**") to Kanabo and Kanabo Newco, the Maven GP Sellers and DVest have each agreed with effect on and from 20 March 2023 up to and including 30 June 2023, to unconditionally and irrevocably waive all and any rights to interest and the cash payment and any other claims and entitlements that they may have in connection with admission in respect of all of the Consideration Shares not having occurred by 20 March 2023, and to fully and finally release Kanabo Newco and all members of the Group from all and any liability in respect of the same.
- (b) The Maven Waiver Letter is governed by the laws of England and Wales. The courts of England and Wales will have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Maven Waiver Letter.

## PART II

### INFORMATION ON THE GROUP

#### 1 HISTORY OF KANABO

The Company's wholly owned subsidiary, Kanabo Research Limited, was founded in November 2016 by Avihu Tamir, and began operating on 1 March 2017.

Following completion of the reverse takeover acquisition of Kanabo Research Limited by Spinnaker Opportunities PLC (renamed Kanabo Group PLC) in February 2021 (the "**Kanabo Research Acquisition**"), the Company was floated on the London Stock Exchange.

On 21 February 2022, Kanabo Newco, a newly formed wholly owned subsidiary of the Company entered into a share purchase agreement, pursuant to which Kanabo Newco agreed to purchase the entire issued share capital of The GP Service (UK) Ltd (the "**GP Services Acquisition**").

Key milestones in the Group's history include:

##### *Development of VapePod Devices*

Kanabo Research Limited ("**Kanabo Research**") developed its vaporisation devices, the VapePod and the VapePod Medical (together, the "**VapePod Devices**") in collaboration with Jupiter Research LLP ("**Jupiter**"). Jupiter is the owner of the intellectual property in the VapePod Devices and Kanabo Research has the exclusive right to distribute these devices in Israel, the European Union and the United Kingdom (the "**Licence Areas**") using the Group's registered trademark the "**VapePod**".

##### *Development of Unlicensed Medical Oils*

Kanabo Research has achieved some important milestones in connection with the development of its Medical Cannabis Products. In March 2018, the Israeli Ministry of Health (the "**IMH**") approved the VapePod Medical as a medical device for research purposes.

In June 2018, Kanabo Research completed a preliminary study on animal subjects to test the safety and efficacy of its most advanced Unlicensed Medical Cannabis Oil, "Nabinnol", which targets insomnia and other sleep related disorders. The results of the preliminary study demonstrated increased sleep maintenance and duration of sleep times in animal subjects.

In June 2021, Kanabo Research completed the formulation for an Unlicensed Medical Cannabis Oil "T340" for pain management. The formulation became available through the LYPHE Group in August 2021.

##### *Development of Retail CBD Oils*

Following the conclusion of Kanabo Research's aforementioned preliminary study in relation to Nabinnol, the Directors of Kanabo Research saw an opportunity to utilise its scientific research to develop a range of high-quality oils for over the counter consumer use ("**Retail CBD Oils**") capable of being used in conjunction with a vaporisation device. Kanabo Research has since developed three Retail CBD Oils with the product names "Reload", "Relax" and "Repair". The Group's Retail CBD Oils are sold in the UK via Kanabo's e-commerce store in the form of tamper-proof and non-refillable cartridges ("**Pods**") separately from the VapePod device.

*Kanabo Agritec Ltd*

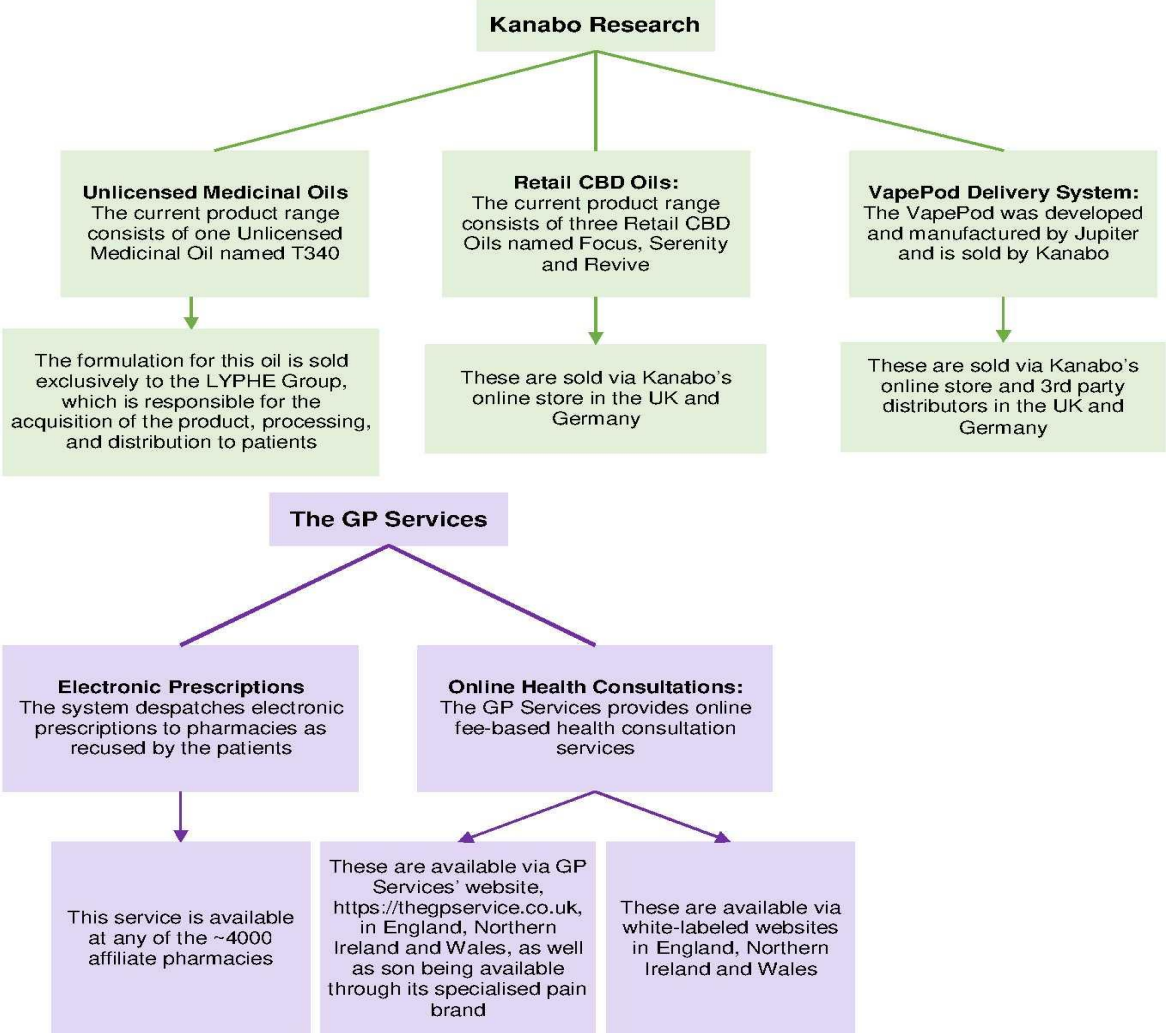
On 16 June 2022, the Company announced that the Group had formed an Israeli subsidiary company, Kanabo Agritec Ltd ("**Agritec**"), which Kanabo Research holds a 40 per cent. shareholding together with certain additional control rights over the strategic direction of the subsidiary.

Agritec's three other shareholders are co-founders Ophir Shimshi and Eilon Bdil, experts in Cannabis regulation and cultivation and R. P. Growing Technologies Ltd, who each hold 20 per cent. of the issued share capital in Agritec.

Agritec has signed its first memorandum of understanding advising from a technical perspective in respect of an indoor medical cannabis cultivation project in Spain.

**2 CURRENT BUSINESS OF THE GROUP**

Set out below are diagrams for the purpose of illustrating the business currently being operated by the Group.



### 3 BUSINESS OVERVIEW AND PRODUCT RANGE

#### Business Overview of Kanabo and Kanabo Research

The Group is currently focused on the sales of its various THC-free Retail CBD Products and VapePod for over the counter sales and on the sale of its formulation for an Unlicensed Medical Cannabis Oil called T340 ("**T340**"), as well as the development and testing of further Unlicensed Medical Cannabis Oils and of the VapePod Medical for eligible patients.

#### 3.1 Current Products

The Group has established a range of Retail CBD Products, which it is currently selling in the Primary Markets. The Group's Retail CBD Oils are marketed under the Kanabo brand name. The product names of the Retail CBD Oils are "Reload", "Relax" and "Repair". The Group provides a recommendation on dosage in respect of each of its Retail CBD Oils, typically limited to a few times per day. The Retail CBD Oils are sold in tamper proof and non-re-fillable Pods. These can be purchased on the Kanabo.store e-commerce platform, which was launched in March 2022.

Along with the Retail CBD Oils, the Group currently sells a vaporisation device on the e-commerce platform called the "VapePod" developed by Jupiter, a leading developer of vaporiser devices. The VapePod allows for metered dosing so that consumers can ensure they are able to administer the recommended dosage of Retail CBD Oils and obtain the optimal benefit from the use of Retail CBD Oils, whilst avoiding throat irritation.

The Group also sells T340 Indica and T340 Sativa products to the LYPHE Group. The Group is not involved in any part of the production of the product or its sale excepting for the IP of the formulation. Production is done by PharmaCann International under EU-GMP standards. All importation of raw material and distribution of the finished product to patients with prescriptions is undertaken by the LYPHE Group through their medical clinics.

#### 3.2 Research and Development

The Group is engaged in research and development on Unlicensed Medical Cannabis Oils and the VapePod Medical (together, the "**Medical Cannabis Products**") so that they are capable of being sold in the Primary Markets.

A summary of the key features and the stage of development for each Medical Cannabis Product is set out in this section. The Group will be required to obtain a CE Mark to legally market the VapePod Medical as a medical device in the Primary Markets. While not legally required to do so, the Group intends to additionally undertake VapePod Medical Safety Trial and the Safety and Efficacy Study in order to demonstrate the safety and efficacy of its Medical Cannabis Products prior to distributing them in the Primary Markets. This will also enable the Group to distinguish its Medical Cannabis Products from other products which are subject to more limited testing.

##### (a) VapePod Medical

The two key steps in relation to the development of the VapePod Medical will be (i) obtaining a CE Mark, so that it can be registered as a medical device in the Primary Markets and (ii) undertaking the VapePod Medical Safety Trial to demonstrate its safety and reliability of its metered-dosing system.

(i) CE Mark

The purpose of a CE Mark is to confirm that the VapePod Medical meets the General Safety and Performance Requirements ("**GSPR**") of all relevant European Medical Device Regulations, including Regulation (EU) 2017/745 on medical devices (the "**EU Medical Devices Regulation**") and is a legal requirement to place a device on the market in the European Union. If the VapePod Medical obtains a CE Mark then it can lawfully be sold in the EU as a medical device. The Group is currently in the process of obtaining a CE Mark for the VapePod Medical. The device achieved an electrical CE, confirming its compliance to electrical safety regulations in the EU and the GSPR. The Group in partnership with Jupiter has signed an agreement with a German notified body for the audit review of the device as a medical device. Due to delays associated with Covid-19 and the availability of the German notified body, it is anticipated that approval would be received in the third quarter of 2023. The Group must obtain a UKCA Mark for the VapePod Medical to be sold as a medical device in the UK. Kanabo intends to apply for a UKCA Mark following its acquisition of the CE Mark.

(ii) VapePod Medical Safety Trial

Testing will be undertaken in relation to the VapePod Medical to demonstrate: (i) the safety of the device; (ii) bioavailability; and (iii) the reliability of the metered dosage (the "**VapePod Medical Safety Trial**"). The VapePod Medical Safety Trial will be undertaken in a clinical setting as the study will be conducted on human subjects. The Group will be required to obtain the same authorisation and permissions required for in-human medical trials in Israel.

Kanabo is currently awaiting final approval from the MCU and Ministry of Health.

Following feasibility approval from the MCU and the Ministry of Health an application for final protocol approval of the study was made to the ethics committee of Hadassah Hospital (the "**Ethics Committee**"). The Ethics Committee is responsible for ensuring that any in-human medical trials or studies are undertaken in accordance with the Published Health Regulations (Clinical Trials in Human Subjects), 1980 (as amended) and ICH GCP. The Ethics Committee has requested a few modifications to the study protocol. It is estimated that all final approvals will be received by the last quarter of 2023.

Upon receipt of the final approval, an application must be made by Kanabo to the MCU to receive personal licences for the use of medical cannabis for all participants in the test. It is anticipated that all approvals required to commence the study will be obtained during Q3 2022 and the study will be completed by the end of 2023.

(b) Unlicensed Medical Cannabis Oils

The Group currently has the following three Unlicensed Medical Cannabis Oils under development; (i) Nabinnol, which is aimed at treating sleep-related disorders, such as insomnia; (ii) a formulation targeting pain-related conditions; and (iii) a formulation targeting post-traumatic stress disorder ("**PTSD**"). Of these, Nabinnol is its most developed Unlicensed Medical Cannabis Oil.

The Group intends to undertake a study in relation to Nabinnol prior to seeking to market the product as an unlicensed medicinal product in the Primary Markets. Testing will be undertaken in relation to the Nabinnol and is intended to demonstrate: (a) safety; (b) bioavailability; (c) Pharmacokinetics and Pharmacodynamics; and (d) signs of efficacy in relation to the treatment of sleeping disorders (the "**Safety and Efficacy Study**"). The Safety and Efficacy Study will be undertaken in a clinical setting in Israel and, as such, studies in human-subjects are required to comply with the requirements applicable to in-human medical trials or studies in Israel. These are outlined above in relation to the development of the VapePod Medical. It is intended that the Safety and Efficacy Study will be undertaken in the first half of 2023.

To conduct the Safety and Efficacy Study, Kanabo Research has obtained a R&D licence from the Israeli Medical Cannabis Unit ("**MCU**").

The Group's formulations of Unlicensed Medical Cannabis Oils for pain and post-traumatic stress disorder remain in process.

### Business Overview of GP Services

The most significant development to the Group's business since 31 December 2021 has been the acquisition of GP Services. GP Services offers three key services: (i) an electronic prescription service, (ii) access to online health consultations (iii) a form-based prescription service.

#### 3.3 Electronic Prescription Service

GP Services provides a fee-based electronic prescription platform to private physicians. This platform allows for physicians to generate and transmit prescriptions electronically and in real time to any of the GP Services affiliated pharmacies. GP Services is able to prescribe a range of medications similar to what an in-person GP would prescribe, including controlled drugs. GP Services currently has a network of over 4,000 affiliate pharmacies across England and Wales. Without this system, physicians are obliged to create a physical copy of the prescription and fax the prescription to the pharmacy and then put the original in the post, which can be time consuming, inefficient and risks the prescription being lost.

#### 3.4 Online Health Consultations

The second service provided is a platform for online health consultations in England and Wales. Individuals can book a remote video consultation with GMC-registered doctors. These consultations are available from 8am to 8pm, seven days a week, both online or via GP Services' app. This platform is also currently part of a NHS trial which provides integrated access to NHS summary care records allowing doctors to base any prescriptions and recommendations with knowledge of previous medical history, providing a much safer and more effective service. After booking the appointment, the patient can log on to the platform and the patient and doctor can then see each other over a secure and confidential video conference. In order to ensure confidentiality, the doctor will verify the identity of the patient. After the patient's identity is verified, the doctor then conducts a normal doctor appointment to discuss the patient's medical situation following regular procedures. Should a prescription be recommended, GP Services' doctors are able to use GP Services' proprietary electronic prescription service to send prescriptions to over 4,000 affiliated pharmacies.

After the appointment, doctors issue a "summary of consultation" showing what was discussed, detailing any prescribed medication and any additional advice given. Patients have access to this, as well as any fit notes or referral letters, through an online portal. As an integrated provider to the NHS, doctors on



the GP Services can also send the patient's medical notes back to the patient's usual NHS surgery electronically using NHS mail. This will ensure that if the patient wishes to have a follow up consultation with their usual NHS surgery, their usual doctor will have access to all the relevant details of the online consultation made through GP Services and can add these details to the patient's NHS record.

GP Services' online health consultations can also be offered through a fully white labelled platform. GP Services currently provides a fully-branded version of its platform, including branded iOS and Android mobile applications, to a high street partner brand. In 2023, GP Services is planning to launch a branded extension to its platform specifically intended for pain-management telehealth appointments and prescriptions. This part of its platform will operate using GP Services' existing licences and will use the same technology, administration, and many of the same doctors with the additional presence of a specialist doctor in order that medicinal cannabis is available on prescription.

### 3.5 Form-Based Prescription

The third service is an accessible form-based assessment for the filling of repeat and other appropriate conditions. The patient will fill in an online form, with details of their medical situation. A doctor will then assess the form. Should the patient's situation meet the correct criteria, the doctor is then able to generate a prescription without meeting directly. This service allows individuals access to certain lifestyle prescriptions which are no longer accessible through the NHS. This service is also particularly useful for individuals who may not want to meet with a doctor or feel embarrassed about their condition, such as for erectile dysfunction or treatments for sexually transmitted infections. Patients who receive prescriptions using the form-based assessment can have their prescriptions delivered.

## 4 MARKET OVERVIEW

### 4.1 Virtual health services

The market for global healthcare provider network management is expected to grow at a compound annual growth rate of 16.34 per cent. and to become worth US\$11.2 billion by 2028.<sup>7</sup> Covid-19 created a new necessity for virtual health services, and many consumers found these experiences better than expected. Consumers are also open to comprehensive virtual health services, and the involvement of trusted healthcare providers such as doctors played an important role in creating trust and motivation for healthcare services.<sup>8</sup>

### 4.2 CBD Market

The 2020 market size for CBD in Europe was about US\$534 million representing 31 per cent. of the global CBD oil market share, second only to North America with a market share of 40 per cent. , according to Orian Research Group.<sup>9</sup> In 2019, the leader of this market was the UK with sales value of US\$374 million followed by Germany, Switzerland, Austria, Spain, and Greece, as published by Hemp Industry Daily. Germany is expected to overtake the UK and others in 2023.<sup>10</sup> The European CBD market is expected to grow to €13.6bn by 2025 according to New Frontier Data report and the CBD oil market is expected to exhibit a CAGR of 21.2 per cent. during 2022-2027.<sup>11</sup>

<sup>7</sup> <https://www.cbinsights.com/research/doctolib-competitors-docplanner-doctena-jameda-keldoc-gare-vezeeta-clickdoc/>

<sup>8</sup> <https://www.accenture.com/acnmedia/PDF-130/Accenture-2020-Digital-Health-Consumer-Survey-US.pdf#zoom=40>

<sup>9</sup> <https://www.prnewswire.com/news-releases/europes-cbd-market-projected-to-grow-by-400-301117489.html>

<sup>10</sup> <https://internationalcbc.com/germany-europes-biggest-medical-cannabis-market-expected-to-top-cbd-sales-by-2023/>

<sup>11</sup> <https://www.imarcgroup.com/europe-cbd-oil-market>

### 4.3 Medical Cannabis Market

The European medical cannabis market is expected to reach €2.3 billion by 2026, of which the Directors estimate that between €400,000 - €500,000 will comprise Medical Vaporisation related products based on the comparable segment size in North America.<sup>12</sup> Around €354 million worth of unlicensed medical cannabis will be sold in Europe 2022<sup>13</sup>. Pilot schemes for medical cannabis have progressed across Europe in 2021 and 2022, including in France, Denmark, Ireland, and Luxembourg. Further, in 2021, the German medical market had a 43 per cent. increase in sales of cannabis to pharmacies, while there was a 425 per cent. growth in the number of unlicensed medical cannabis products dispensed by private prescription in England.

### 4.4 Oil Vaporiser Market

Globally, the e-cigarette and vaporiser market size was estimated to be worth around US\$18.13 billion in 2021 with a potential compound annual growth rate ("**CAGR**") of 30 per cent. from 2022 to 2030, with the cannabis vaporiser market potentially seeing a CAGR of 14.1 per cent. from 2021 to 2031.<sup>14</sup>

## 5 SIGNIFICANT DEVELOPMENTS, UNCERTAINTIES AND TRENDS

The most significant developments to the Group's business since the end of the last financial year to the date of this Document was the acquisition and integration of GP Services, which the Directors believe is transformational for the Group. Following the acquisition of GP Services, the Group is being organised into two business units based on its products and services as follows:

The primary case segment will remain centred on the tele pharma services provided by GP Services. The secondary case segment will target the distribution and development of cannabis derived medical and wellness products.

One of the major trends in relation to the Group is therefore its significant new focus on tele-health medicine. As set out in paragraph 4.1 above, the virtual medicine sector is expected to grow considerably and the Directors expect the growth of the Group to be directly affected by this.

In addition to the GP Services Acquisition, the Group will continue to deliver its stated growth strategy. As announced on 16 June 2022, the Company signed a strategic memorandum of understanding ("**MoU**") with Forbe Ltd for the sale of wellness products in Israel, formed a new subsidiary, Agritec Ltd, to secure supply of medicinal cannabis and took the strategic decision to abort the highly dilutive acquisition of Materia. The Group believes that this is a particular key time for building a network of other medically oriented partners as the market in Europe and the UK continues to grow and new opportunities arise.

A significant trend affecting the Group is its increased focus on medical cannabis rather than CBD products. While the CBD sector remains significant and growing in Europe, the Directors believe that the new opportunities arising in the medicinal cannabis market will allow the Group to develop a more

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<sup>12</sup> <https://www.headset.io/industry-reports/cannabis-vapor-pens-a-look-at-category-trends-performance>

<sup>13</sup> Prohibition Partners European Cannabis Report 7th Edition

<sup>14</sup> <https://www.grandviewresearch.com/industry-analysis/e-cigarette-vaping-market>

established role within the medicinal cannabis sub-section of the healthcare sector and to provide more comparatively innovative products.

There have been no material changes in the regulatory environment in which the Group operates since the period covered by the latest published audited financial information.

There have been no significant change in the financial performance or financial position of the Group since 31 December 2022, being the date to which the latest audited financial information of the Group has been published.

## **6 INVESTMENTS**

Except for the GP Services Acquisition, the Group has not made any material investments since the date of its last published financial statements and no firm commitments have been made in respect of any future material investments.

## **7 REGULATORY OVERVIEW**

### **Regulatory Regime Applicable to GP Services**

#### **7.1 Background**

The acquisition of GP Services has resulted in a material change in which the Group operates since the period covered by the latest published audited information. GP Services is an online doctor services in the UK that provides diagnostic and treatment activities in respect of common conditions using their online consultation platform.

GP Services will provide consultation services to patients seeking medical cannabis treatments in a new clinic for pain management, "Treat It", which launched in March 2023. "Treat It" initially focuses on chronic pain management using plant-based medicine and treatments that are currently unavailable through traditional channels and aims to address the issue of limited access to pain management treatments for the approximately 8 million chronic pain sufferers in the UK. Via its network of suitably registered doctors, GP Services will be able to consult with, and issue, CBPM prescriptions to qualifying patients. "Treat It" enables patients to access healthcare professionals via Kanabo's secure, digital healthcare platform.

#### **7.2 Care Quality Commission Registration**

All diagnostic and treatment services must be registered with the Care Quality Commission ("**CQC**"). This is the independent regulator for the UK health and social care sectors. The registration process involves an initial written submission detailing the proposed activities of the service provider and its Standard Operating Procedures ("**SOP**"). Once the CQC is satisfied with the written submission, a site inspection by a CQC officer will take place. The site inspection is usually conducted in person, however during the pandemic the inspections were being conducted by video call.

As part of the written submission, the service provider must identify a 'Nominated Individual' and a 'Registered Manager'. The Nominated Individual will be the point of contact for all CQC engagement. The Registered Manager will be a suitably qualified person that oversees the diagnostic and treatment activities of the service.

Once registered the CQC will conduct inspections of the service at various intervals. The service will be issued with a rating ranging from 'Outstanding' to 'Inadequate'. When a practice registers with CQC as a new provider, the CQC will normally aim to inspect within 12 months of registration. Inspections are normally announced and the practice is usually given two weeks' notice.

GP Services is registered with the CQC and following an inspection in June 2019, is rated as "Good" in all five categories. This rating is based on its current location and can be subject to change should their location change or should the CQC re-evaluate based on any subsequent inspection. GP Services will notify the CQC of its intention to add medical cannabis prescription services to its business activities. As there will be a fundamental change to their registered activities, GP Services could expect to receive an inspection notification from the CQC in the next 12 months. By being registered, and updating the CQC correctly, GP Services and Kanabo are able to lawfully provide clinic services for the prescription of CBPMs.

### 7.3 Prescription of CBPMs

Prescription of CBPMs was legalised in the UK in November 2018. Regulation 16A was inserted into The Misuse of Drugs Regulations 2001 - UK Statutory Instruments 2001 No. 3998 by The Misuse of Drugs (Amendments) (Cannabis and Licence Fees) (England, Wales and Scotland) Regulations 2018 (S.I.2018/1055), and states:

*"(2) ...a person shall not supply a cannabis-based product for medicinal use in humans by way of or for the purpose of the administration of that product, unless the supply is*

*(b) is—*

*(i) in the case of a product that is a special medicinal product ...for use in accordance with a prescription or direction of a specialist medical practitioner.*

*and*

*(6) In this regulation, "specialist medical practitioner" means a doctor included in the register of specialist medical practitioners kept under section 34D of the Medical Act 1983(2) (the Specialist Register)."*

The Medicines Act 1983 sets out the definition of "The Specialist Register", and states:

#### **Section 34D -The Specialist Register**

*(1)The General Council shall keep a register of specialist medical practitioners (known as "the Specialist Register").*

*(2)The Specialist Register shall, subject to subsections (4) and (5), contain the names of—*

*(a) registered medical practitioners who hold a CCT in a recognised speciality;*

All doctors affiliated with GP Services are registered with the General Medical Council ("**GMC**"). GP Services also has a number of doctors on the Specialist Register qualified to prescribe CBPMs. It is these suitably qualified doctors that will consult with patients seeking access to medical cannabis treatments. If the doctor is satisfied that the patient qualifies for medical cannabis treatment then a

prescription for CBPMs will be issued. Kanabo and GP Services will be able to lawfully offer this service by ensuring that it is only Doctors with the necessary registration that consult on these matters. The GMC confirms this on their website which provides guidance to doctors.<sup>15</sup>

The GMC provides detailed guidance on the circumstances in which doctors can prescribe CBPMs. The National Institute for Health and Care Excellence ("**NICE**") also provides a list of factors which prescribing doctors must consider:

*"Factors to think about when prescribing*

*1.5.5 - When prescribing and monitoring cannabis-based medicinal products, take into account:*

- *current and past use of cannabis (including any over-the-counter and online products)*
- *history of substance misuse including the illicit use of cannabis*
- *potential for dependence, diversion and misuse (in particular with THC)*
- *mental health and medical history, in particular, liver impairment, renal impairment, cardiovascular disease*
- *potential for interaction with other medicines, for example, central nervous system depressants and other centrally active drugs, antiepileptics and hormonal contraceptives*
- *pregnancy and breastfeeding (breastfeeding is a contraindication for Sativex and nabilone; there is limited evidence on the safety of cannabis-based medicinal products during pregnancy and breastfeeding)."<sup>16</sup>*

Before prescribing CBPMs, doctors must consider what other treatments a patient has tried for their medical condition. Unlicensed medicines should only be prescribed where there is an unmet clinical need and to determine this, doctors need access to the patient's medical history. GP Services has established software which provides their doctors with immediate access to a patient's NHS records, subject to the patients consent. This means that GP Services' doctors will be able to conduct a thorough review of the patient's medical history in order to establish whether sufficient efforts have been made with other available treatments.

By following the guidance provided by these authorities, GP Services and Kanabo can ensure that doctors are issuing prescriptions correctly and lawfully.

GP Services' doctors can only prescribe medicines from a defined formulary that has been approved by the GP Services Medical Advisory Committee ("**GPS MAC**"). GP Services' formulary excludes medicines that are deemed unsuitable for prescribing following consultation by a remote video consultation. This list of excluded medication includes, but is not limited to:

1. Controlled Drugs;
2. Opiates and other strong painkillers;
3. Sleeping tablets; and
4. Any medicines that may be subject to abuse.

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<sup>15</sup><https://www.gmc-uk.org/ethical-guidance/learning-materials/information-for-doctors-on-cannabis-based-products-for-medicinal-use>

<sup>16</sup> <https://www.nice.org.uk/guidance/ng144/chapter/Recommendations#prescribing>

As GP Services intends to offer prescriptions for CBPMs which would fall into category 1 above, it will need to communicate this change with the CQC and fulfil any audit or inspection requirements that the CQC implements.

#### 7.4 Fulfilment of CBPM prescriptions

CBPMs are distributed to patients in receipt of a valid prescription via a specialist pharmacy. In order to dispense CBPMs a pharmacy must hold the relevant licences from the Home Office.

GP Services works with a number of specialist pharmacies. All pharmacies affiliated to GP Services are UK-based and registered with the General Pharmaceutical Council ("**GPhC**"). GP Services will direct patients to suitable pharmacies that have the necessary licences to dispense approved CBPMs.

#### 7.5 Application of POCA to GP Services' Operations

The Proceeds of Crime Act 2002 ("**POCA**") makes it a criminal offence to handle funds derived from criminal conduct. Such offence relates to criminal conduct taking place in the United Kingdom. However, it also extends to business activities undertaken lawfully overseas, but which would constitute an offence if they occurred in the United Kingdom.

Therefore, in the event that GP Services was to engage in unlawful activities in the United Kingdom, or engaged in lawful activities in another jurisdiction, which are unlawful in the United Kingdom, the generation of revenue from such activities could be considered the proceeds of criminal conduct and would thereby amount to an offence under POCA as well as the United Kingdom's anti-money laundering legislation.

GP Services will be engaged in Medical Cannabis activities in the UK. It is not operating outside of the UK. Medicinal Cannabis activities are legal in the United Kingdom. It was legalised by the UK Home Office in November 2018. Therefore, income derived from GP Services' proposed medical cannabis activities, undertaken in accordance with the relevant licences, will not create any risk of an offence under POCA.

### **Regulatory Regime Applicable to Kanabo and Kanabo Research**

#### **Israel**

#### 7.6 Research and Development Licences

To be able to undertake certain R&D activities in Israel, it is necessary to hold an appropriate licence granted by the MCU. Kanabo Research holds one licence which enables it to prepare and test formulations of cannabis oils and it has applied for two new licences. Further details of the R&D Licences are set out in paragraph 19 of Part VII (Additional Information).

The current R&D License was extended until the earlier of: (i) the grant of the new licences, or (ii) the 31<sup>st</sup> of March 2023. In the event that the R&D Licences should expire or terminate, the Group would apply for new R&D Licences, the renewal of such licence(s) or it would, otherwise, be required to contract with a third party research company with the benefit of such licences to undertake certain R&D activities. The company's R&D licences were renewed every year since 2018.

In relation to each of the VapePod Medical Safety Trial and the Safety and Efficacy Study, the Group will need to obtain a separate R&D licence to be able to undertake each study and it will need to apply to the MCU for a license. Working in partnership with Seach group, no need for additional licences.

## **United Kingdom**

### **7.7 Retail CBD Oils – Ingestible Products (food/beverage)**

The sale of CBD products continues to be widespread in the United Kingdom and EU. Such products continue to be available for sale online.

On 13 February 2020, the FSA announced its Novel Food compliance regime for the UK CBD industry. As part of this regime, the FSA confirmed that there would be a compliance register published. This register would list compliant products which could be lawfully sold in the UK. Any products which did not make it onto the list would need to be withdrawn from sale, or face Trading Standards intervention.

This register will be updated as the Novel Food submissions to which the products are linked are formerly considered by the FSA. As the submissions progress through the relevant stages, the status of the products on the register will be updated. Conversely, if submissions are found to be deficient, then they will be rejected, and any products linked to those submissions will be removed from the register.

Kanabo does not currently sell or intend to sell ingestible CBD products in the UK, but if it did then Kanabo would need to make a Novel Food submission to the FSA and wait for their submission to reach the end of the full consideration process before selling the products. Kanabo's products would not appear on the compliance register, until their submission reached the end of the process and full marketing authorisation was granted.

In the alternative, Kanabo could act as a reseller for products that are already admitted to the register, but those products would have to keep their original branding and formulation. Any changes to the branding, formulation or ingredients would result in a new product being created which would not appear on the register.

### **7.8 Controlled Cannabinoid Content in Retail CBD products**

At present, retail CBD products in the UK can have up to 1 milligram (mg) of controlled cannabinoids in each container without a Home Office licence being required. It is generally accepted that the 1mg rule is not suitable for the consumer CBD sector, and is difficult for the authorities to enforce.

In 21 January 2021, Kit Malthouse MP – The Police & Crime Minister at that time – instructed the Advisory Council on the Misuse of Drugs ("ACMD") to conduct a consultation on this issue with a view to establishing a suitable replacement for the 1mg rule.<sup>17</sup> Submissions were tendered to the ACMD and on 21 December 2021, the ACMD published their proposals.<sup>18</sup> The recommendations are complex but are proposed by the ACMD on the basis that they will be workable and will bring clarity on product compliance. To date, there has been no further comment from the Home Office as to whether they intend to adopt the ACMD proposals. Kit Malthouse MP is no longer the Police & Crime Minister, and there has been no indication from the incumbent, Chris Philp MP as to whether he is actively looking at the issue.

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<sup>17</sup> <https://www.gov.uk/government/publications/advice-on-consumer-cbd-cannabidiol-products/letter-from-kit-malthouse-to-acmd-chair-accessible-version>

<sup>18</sup> <https://www.gov.uk/government/publications/acmd-advice-on-consumer-cannabidiol-cbd-products/cover-letter-from-acmd-on-consumer-cbd-products-report-accessible-version>

Therefore the 1mg rule remains the standard for compliance and Kanabo continues to abide by this principle in respect of its retail CBD products.

### 7.9 CBD Vaping Regulations

There continues to be no formal regulatory regime for CBD vaping in the UK. The sector is governed by parts of the Tobacco Related Products Regulations, the General Domestic Products Regulations and the Home Office guidance on CBD and Cannabinoids.

The British Standards Institute ("**BSI**") has announced a consultation to establish a regulatory framework in the UK for CBD Vaping and Kanabo is one of the key stakeholders involved in this endeavour.<sup>19</sup>

However, the regulatory regime remains the same as before.

### 7.10 CMPMs

There has been no change to the regulatory regime since its inception in November 2018. There has however been some additional guidance provided by the MHRA in respect of the licencing requirements and obligations for existing operators and new entrants to the market.<sup>20</sup>

This guidance provided clarity on several issues regarding the licence application:

- (a) There's an acknowledgment that applications from companies with no track-record of handling or manufacturing pharmaceutical products were not generally well received by the authorities. This resulted in applicants were being bounced back and forth between the Home Office and the MHRA. A clear structure for the application process has now been established to resolve this issue.
- (b) The MHRA expressly states that they will not consider new applications where the relevant facility to which the licence will cover is not ready for operations to commence. – *"At the point of application, you should have all necessary systems, equipment and procedures in place"*.
- (c) Verification of 'Operational Qualification' will be conducted upon receipt of an application by way of an initial remote inspection. If the facility isn't ready at the point of application – *"and this is identified during an assessment of the application, it will be rejected"*.

### 7.11 Medical Devices

The MHRA has updated its guidance in relation to Medical Device regulation. This guidance was updated on 1<sup>st</sup> January 2022.<sup>21</sup>

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<sup>19</sup> <https://www.voxmarkets.co.uk/articles/kanabo-group-selected-to-co-develop-a-british-standard-for-cbd-vape-products-d22a454/>

<sup>20</sup> <https://mhrainspectorate.blog.gov.uk/2022/11/16/mhra-process-for-approving-manufacturing-authorisations-or-api-registrations-in-relation-to-unlicensed-cannabis-based-products-for-medicinal-use/>

<sup>21</sup> <https://www.gov.uk/guidance/regulating-medical-devices-in-the-uk#full-publication-update-history>



Manufacturers of medical devices can use either the UKCA marking or the CE marking on devices they place on the GB market until 30 June 2023. As set out in paragraph 3.2(a)(i), from 1 July 2023, a UKCA marking will be required in order to place a device on the Great Britain market.

Where third party conformity assessment is required, a UK Approved Body is needed. However, manufacturers of non-sterile and non-measuring Class I devices and general IVDs can self-certify against the UKCA marking.

The UK government will continue to accept CE marked devices on the Great Britain market until 30 June 2023. This applies to devices that have been CE marked under and fully conform with the applicable EU legislation. From 1 July 2023, devices that are placed on the Great Britain market will need to conform with UKCA marking requirements.

#### 7.12 POCA Considerations

Since the 31 December 2021, there have been no changes or developments in respect of the application of POCA and its provisions to the legal cannabis industry in the UK.

### Germany

#### 7.13 Nicotine free CBD E-Liquids/VapePod

##### (a) Tobacco Law

In Germany, from 1 January 2021 nicotine-free e-cigarettes are subject to the Second Act Amending the Tabakerzeugnisgesetz (the "**Tobacco Products Act**") in addition to the Product Safety Act.

The background to this is that regulation by the Tobacco Products Directive 2014/40/EU only initially were applicable to nicotine-containing products. However, the Bundestag (Federal German Parliament) and the Federal Government agreed that nicotine-free liquids would soon also fall under the Tobacco Products Act and that this objective should be implemented by means of an amending act. This amendment law was presented in draft form by the Federal Ministry of Food and Agriculture in February 2020. Consultation and decision by the Bundestag took place at the beginning of July 2020.

Therefore, the sections from the Tobacco Products Act and the Tobacco Products Ordinance will also apply to CBD e-liquids, in particular the regulations on emissions, warnings, notification, the six month period and the package insert. Any outdoor advertising for e-cigarettes as well as nicotine-containing and nicotine-free liquids will be prohibited as of 1 January 2024. Only shop windows of specialist retailers are exempt. Advertising for nicotine-free liquids on the internet has been prohibited from 1 January 2021, including commercial lottery for free giveaways as well as the distribution of free samples outside of specialist retailers.

The Product Safety Act should only play a role for the vaporisation device. According to section 3 of the Product Safety Act, a product may only be made available on the market if it does not endanger the safety and health of persons when used as intended or in a foreseeable manner. The product is then assessed either according to § 3 (1), if a legal regulation according to § 8 (1) is applicable, otherwise according to § 3 (2).

If the Product Safety Act is applicable, the entrepreneur must determine on his own responsibility which relevant legal regulations and harmonized standards apply to his product. He must then identify the content of these regulations and assess himself whether the product complies with the requirements. He must then check whether the product must be CE marked before it is placed on the market for the first time. In addition, the product must be provided with complete documentation, including instructions for use or operation, safety instructions, technical data and addresses of the manufacturer.

Furthermore, the chemical law is applicable. Thus, the classification of CBD on the part of the European chemical authority ECHA under the CAS number 13956-29-1 must be observed in particular, with the corresponding consequences for the labelling and packaging of the CBD liquid.

Regulation (EC) 1272/2008 (the "**CLP Regulation**"), and Regulation (EC) 1907/2006 ("**REACH**") are therefore applicable. According to these regulations, the product must be classified according to its hazardous properties and labelled with correspondingly specified warnings. A safety data sheet must be prepared in the language of the country on whose market the product is to be made available. In addition, according to Art. 17 (2) of the Regulation, the labelling must also be made in the national language if the product is made available on the respective market.

The regulations for the protection of minors regarding tobacco products also apply to nicotine-free e-cigarettes. The supply of nicotine-free e-cigarettes to minors is therefore prohibited. section 10 (4) of the Youth Protection Act explicitly lists nicotine-free products such as electronic cigarettes or electronic shishas.

In its statement from March 2021, the BfR stated that it was currently examining the inclusion of cannabidiol in Annexes 1 and 2 of the Tobacco Regulation, as CBD can arouse a presumed health benefit. If included, CBD would no longer be permitted as a banned additive in e-liquids. Until now, the BfR has not made any further announcements on this issue though.

The labelling requirements and the obligation to prepare a package insert in accordance with the Tobacco Products Act (§ 15) and the Tobacco Products Ordinance (§§ 24-28a) must also be observed.

Furthermore, the product must be notified for registration in the online portal of the European Commission ("EU-CEG") at least six months before it is placed on the market.

Despite many protests, the modernisation of the Tobacco Tax Act ("TabStMoG") was passed by the Bundestag on June 11, 2021 and published in the Federal Law Gazette on August 17, 2021. The tax on conventional tobacco cigarettes will be increased gradually in Germany and the alternative, the e-cigarette, will also be subject to a tax by law from. The consequence of this is that tax stamps must be purchased and a tax warehouse must be set up in Germany.

E-liquids containing CBD and their devices are therefore marketable, provided that all regulations of the Product Safety Act, the Tobacco Act and the Chemicals Act have been complied with and all required labels have been affixed and the regulations for the protection of minors have been observed.

The entrepreneur must also comply with the provisions of the Packaging Act, regardless of the product to be sold.

#### 7.14 Narcotic Law

Nicotine-free CBD E-liquids are also not subject to the German Narcotics Act (BtMG). In Germany, hemp products with a content of 0.2 per cent. THC and below are excluded from the scope of application of the BtMG if abuse for intoxication purposes is ruled out. In March 2021, the Federal Court of Justice also clarified that hemp products can also be sold to end consumers in principle if misuse for intoxication purposes is excluded<sup>22</sup>. Scientific or commercial purposes doesn't need to be involved for the end consumer.

Abuse for intoxication purposes in the consumption of nicotine-free CBD e-liquids is ruled out, as the amounts of THC contained are too low to be able to absorb a relevant amount of THC in a reasonable time to trigger intoxication (reference amount here is 15 mg THC according to German Case Law). In addition, due to the high CBD content and the antagonistic effect of CBD, an intoxication quality of the liquids is excluded from the outset.

The marketability of CBD e-liquids also results from the decision of the European Court of Justice of 19.11.2020 (Case C-663/18, Kanavape Case). In this case, the Court of Justice had to rule on a hemp extract that was lawfully produced and marketed in the Czech Republic. Two French entrepreneurs wanted to market this hemp extract as e-liquid for vaporization in France, whereupon they were convicted by a French criminal court. The European Court of Justice has clarified that:

- (a) CBD or hemp extracts obtained from the whole hemp plant (including leaves and flowers) are not to be classified as narcotics,
- (b) CBD and hemp extracts benefit from the free movement of goods within the EU,
- (c) EU law conflicts with national laws such as the French ban on hemp-derived CBD extracts.

#### 7.15 Novel-Food-Regulation

Nicotine-free CBD e-liquids are intended for vaporisation, not for oral ingestion via the gastrointestinal tract. Since it is already not a food, the Novel Food Regulation of the EU (2015/2283/EC) is not applicable. A corresponding approval according to this regulation is not required for E-liquids.

#### 7.16 Pharmaceutic Law

Classification as a medicinal product is also out of the question.

The concept of a medicinal product is harmonized throughout the EU by European Directive 2001/83/EC. In this respect, a distinction must be made between presentation medicinal products and functional medicinal products in accordance with section 2 of the German

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<sup>22</sup> File number: 5 STR 490/21

Medicines Act, which implemented the aforementioned directive. Functional medicinal products are medicinal products that influence physiological functions through their action (medicinal products after action). Presentational medicinal products are medicinal products intended as agents with properties for the cure or prevention of human diseases (medicinal products by designation).

A presentation drug can already be assumed as soon as a promise of cure is made. According to this, a medicinal product is given if it is either expressly designated or recommended as having properties for curing, alleviating, or preventing human diseases or if it otherwise gives the impression to an averagely informed consumer, even conclusively but with certainty, that the product must have the relevant properties in view of its presentation. In order to avoid the assumption of a presentation medicinal product and thus of a required market authorization according to pharmaceutical law, any promises of healing or other statements about the effect of CBD products are to be avoided on CBD products.

In the case of functional medicinal products, the decisive factor is a pharmacological, immunological or metabolic effect. According to the European Court of Justice<sup>23</sup>, such an effect can be assumed if a substance leads to interactions with any cellular component present in the user's body. A substance can also be regarded as a functional medicinal product if, because of the composition, physiological functions of humans are significantly restored, corrected or influenced when used as intended.

Conclusive scientific or Supreme Court decisions on a limit above which relevant pharmacological effects occur are currently not available. While the FSA in the United Kingdom recommends a limit of 70 mg CBD as an acceptable daily intake, the German Federal Office for Drugs and Medical Technology ("**BfArM**") assumes a limit of 18 mg CBD per day. This decision was confirmed in March 2021 by the Cologne Administrative Court<sup>24</sup>. However, the intake of correspondingly high daily amounts of CBD by vaporising e-liquids is excluded; if necessary, a maximum number of inhalations per day should be specified by corresponding recommendations for use.

#### 7.17 Medical cannabis E-Liquids/VapePod Medical

##### (a) Vaporization extract

According to the monograph "adjusted cannabis extract" of the German Pharmacopoeia (BANZ AT 06.05.2019 B6), cannabis extracts for medical use in Germany must have the following properties:

"Content:

-  $\Delta^9$ -tetrahydrocannabinol (C<sub>21</sub>H<sub>30</sub>O<sub>2</sub>; Mr 314.5): at least 1 per cent. and not more than 25 per cent. (m/m) for the extract and 90 to 110 percent of the nominal content indicated in the label.

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<sup>23</sup> Judgment of September 6, 2012, Case C-308/11.

<sup>24</sup> Case number: 7 K 954/20.

- Cannabidiol (C<sub>21</sub>H<sub>30</sub>O<sub>2</sub>; Mr 314.5): not more than 10 percent (m/m) for the extract and 90 to 110 percent of the nominal content indicated in the label.

The preparation is described as follows:

The extract is prepared by a suitable extraction process such as heptane, ethanol or CO<sub>2</sub> extraction. The crude extract obtained is optionally refined, dissolved in a suitable fatty oil such as medium chain triglycerides, grape seed oil or the like, and thereby adjusted to the indicated content.

The cannabinoid acids are decarboxylated at a suitable point during production."

#### 7.18 Product category

(a) Under section 21(1) of the Medical Products Act (Arzneimittelgesetz) ("**AMG**"), a finished medicinal product can only be placed on the market after clinical trials have been successfully completed and a marketing authorisation has been issued by the competent German higher federal authority or the European Commission. Finished medicinal products as defined in section 4(1) of the AMG are medicinal products that are manufactured in advance and placed on the market in packaging intended for distribution to the consumer. Finished medicinal products are not intermediate products intended for further processing by a manufacturer.

Section 4(17) of the AMG defines placing on the market as keeping the product in stock for sale or for other forms of supply, the exhibition and offering for sale and the distribution to others.

Two types of medicinal products described in section 21(2) of the AMG can be placed on the market without a marketing authorisation:

- (i) Medicinal products for which the essential manufacturing stages are carried out in a pharmacy and no more than 100 packages in one day are produced and are permitted by the pharmacy operating licence (Defekturzneimittel, §1a Apothekenbetriebsordnung).
- (ii) Medicinal products that are intended for use in clinical trials on human beings.

The Group's Unlicensed Medical Cannabis Oils fall under category (a) and, consequently, the final stages of production will be carried out in the pharmacy.

#### 7.19 Vaporisation device/medical device

Since the cannabis extract is to be vaporised by means of a technical device, this device will have to be qualified as a medical device. According to section 13 of the German Medical Devices Act, medical devices had to be classified. The EU Medical Devices Regulation establishes classification rules in Annex VIII.

Rule 12 of the EU Medical Devices Regulation sets out: "*All active devices intended to administer and/or remove medicinal products, body liquids or other substances to or from the body are classified as class IIa, ...*".

Further, according to Art. 52(6) of EU Medical Devices Regulation, manufacturers of class IIa devices must conduct a conformity assessment in accordance with Annex IX, Chapters I and III, as well as an assessment of the technical documentation.

The vaporiser can therefore only undergo the conformity assessment procedure with the help of a "notified body", which assesses the quality management and the technical documentation at the request of the manufacturer.

According to No. 22 of the recitals of the EU Medical Devices Regulation, given the important role of standardisation in the field of medical devices, manufacturers should be able to demonstrate conformity with the essential safety, performance and other legal requirements laid down in this Regulation, for example on quality and risk management, by complying with the harmonized standards referred to in Regulation (EU) No. 1025/2012 of the European Parliament and of the Council (2), for example the Low Voltage Directive EU/73/23, electromagnetic compatibility EU/89/336, medical electrical equipment 60601-1 (ed. 3), medical safety testing UL 60601-1:2003 and medical electrical equipment can/csa-c22.2, no. 60601-1:14.

The procedure for the distributor is then completed with the preparation of the EU declaration of conformity and the affixing of the CE marking.

The Federal Institute for Drugs and Medical Devices ("**BfArM**") is able to allow the placing on the market in Germany of medical devices that have not undergone a regular conformity assessment procedure for CE marking, in exceptional circumstances, namely if it is in the interest of public health or patient safety or health. This may be the case if there is no alternative to a situation of need, i.e., the corresponding urgent medical need cannot be met elsewhere and, from the point of view of health protection, the completion of a regular conformity assessment procedure for the medical device is urgent.

The basis for a corresponding special approval is section 7(1) of the Medical Device Law Implementation Act ("**MPDG**") and article 59(1) of the EU Medical Devices Regulation or, in the case of in vitro diagnostic medical devices, section 11(1) of the Medical Device Law (MPG). The application is made informally.

If a vape pen is not reusable and consists of only one part, CE marking is not required. The product then falls within the scope of Directive 2001/83/EC or Regulation (EC) No. 726/2004 and requires a market authorisation under pharmaceutical law. Both the medicinal product and the product intended for dispensing the medicinal product then have to form an inseparable overall device article 1(9) of the EU Medical Devices Regulation. According to article 117 in conjunction with Annex I of the same directive, a notified body must nevertheless confirm the safety of the product.

## PART III

### THE BOARD AND CORPORATE GOVERNANCE

#### 1 THE DIRECTORS

The Directors of the Company are:

**Avihu Tamir, Executive Director, Chief Executive Officer** (date of birth: 7 February 1981)

Mr Tamir is a cannabis entrepreneur with over five years of hands-on experience in multiple cannabis ventures and vast experience in consulting for international cannabis projects. Mr Tamir began his career and built his reputation as a senior strategy consultant at Accenture. He is also the founder of Teva Nature, the leading vaporiser company in Israel.

Mr Tamir founded Kanabo Research in 2017 and since then has served as CEO of the company. His expertise includes biotechnology, new agriculture and agro-tech, and other breakthrough technologies in the dynamic field of medical cannabis.

Mr Tamir holds a B.A. in Finance and Risk Management (Magna Cum Laude), and an M.A. in Political Science (Magna Cum Laude) from the IDC Herzliya.

**David Tsur, Non-Executive Director, Deputy Chair** (date of birth: 27 March 1950)

Mr Tsur is the co-founder of Kamada Ltd, a public company listed on both NASDAQ and the Tel-Aviv Stock Exchange. He served as its Chief Executive Officer and on its board of directors from the company's inception in 1990 until July 2015. Mr Tsur has also served as a Board member and Chairman of Collplant which is listed on the NASDAQ.

Prior to co-founding Kamada, Mr Tsur was the Chief Executive Officer of Arad Systems and RAD Chemicals Inc. He has also held various positions in the Israeli Economic Ministry (formerly named the Ministry of Industry and Trade), including Chief Economist and Commercial Attaché in Argentina and Iran.

Mr Tsur holds a BA degree in Economics and International Relations and an MBA in Business Management from the Hebrew University of Jerusalem.

**Ian Mattioli, Non-Executive Director, Chair** (date of birth: 14 November 1962)

Mr Mattioli co-founded the wealth management group, Mattioli Woods PLC ("**Mattioli Woods**"), in 1991 and has held the role of Chief Executive Officer since Mattioli Woods was admitted to AIM in 2005. Mr Mattioli is responsible for the vision and operational management of the Group. Mattioli Woods is one of the UK's leading consultancies in the provision of pensions and wealth management services for controlling directors, professional persons, owner-managed businesses, and small-to-medium-sized PLCs. In addition, Mr Mattioli created and founded the property business Custodian Property Income REIT plc which listed on the London Stock Exchange Main Market in 2014.

Mr Mattioli has received many accolades for his business acumen, including being awarded the London Stock Exchange AIM Entrepreneur of the Year award and CEO of the Year in the 2018 City of London Wealth Management Awards. Mr Mattioli was awarded an MBE for services to business and the community in Leicestershire in the Queen's 2017 Honours List. In 2022, the University of Leicester awarded Mr Mattioli an honorary degree (Doctor of Laws).

Mr Mattioli is currently Chief Executive Officer of Mattioli Woods Plc, and Non-Executive Director of Custodian Property Income REIT Plc.

**Sharon Malka, Non-Executive Director** (date of birth: 6 May 1972)

Mr Malka has held senior leadership positions with a number of international healthcare and technology companies. Mr Malka is currently Chief Executive Officer of Dotz Nano Ltd. ("Dotz"), an Australian-based technology company focused on developing, manufacturing and commercialising advanced materials for diagnostics solutions. In addition to his position at Dotz, Mr Malka has spent the past 16 years at MediWound Limited, a public biopharmaceutical company listed on NASDAQ.

Mr Malka is a member of MediWound Limited's Board of Directors, and he has previously been MediWound Limited's Chief Financial Officer and Chief Executive Officer. Previously, Mr Malka held the role of Partner at Variance Economic Consulting Ltd., a financial services consulting boutique focused on international technology companies, and served as a Senior Manager position for PwC Corporate Finance.

Mr Malka is a qualified accountant and holds a B.Sc. in Business Administration from the Business Management College in Israel and an M.B.A. from Bar Ilan University, Israel.

## **2 MANAGEMENT TEAM**

**Assaf Vardimon, Chief Financial Officer**

Mr Vardimon brings over 20 years of finance experience in the high-tech and real-estate sectors. In the past four years, he served as partner and CFO in Brooks-Keret, a company specialising in providing financial management for startups and High-Tech companies.

Prior to Brooks-Keret Mr Vardimon worked at AIM traded, Kimberly Enterprises N.V., a leading real-estate group that operates in East Europe, and served as their CFO. Earlier in his career, he spent three years at the accounting firm KPMG.

Mr Vardimon is a qualified Certified Public Accountant ("CPA") and holds an MBA in Finance and a BA in Accounting and Management from the Academic College of Management Israel.



### **Ophir Shimshi, Advocate. Director of Business Operations**

Mr. Shimshi is a co-founder and partner in a private law firm, Hoyzman, Weinbaum, Shimshi. He is co-founder and partner of a specialised entrepreneur's group, mainly dealing in real estate transactions and development and in renewable energy projects, both in Europe and in Israel.

Former senior lawyer at Jacob Cohen & Co Law Office, specialising in corporate law, commercial law, real estate – planning and construction.

### **Suleman Sacranie, Co-Founder of GP Services and Chief Product Officer**

Mr Sacranie is an award winning entrepreneur with a proven track record of founding successful tech start-ups, taking them through from their initial foundation to exit. Having been awarded the Midlands Young Entrepreneur Of The Year 2012, 2013 and 2014, Entrepreneur Of The Year 2016 and Growing Business Young Entrepreneur Of The Year Award in 2019, he has gone onto develop his ventures with his characteristic energy and enthusiasm.

In 2016 Mr Sacranie co-founded The GP Service (UK) Ltd ("GP Services"), an online primary care provider. GP Services was acquired by Kanabo in February 2022.

## **3 CONFLICTS OF INTEREST**

As at the date of this Document, there are no potential conflicts of interest between any duties to the Group of any of the Directors, or Senior Managers and their private interests and/or other duties save in respect of their interests and duties as Directors of the Company. Any potential conflict of interest that may arise in future will be considered by the non-conflicted Directors.

The Board had satisfied itself that there is no compromise to the independence of those Directors who have appointments on the Boards of, or relationships with, companies outside the Company. The Board requires Directors to declare all appointments and other situations which could result in a possible conflict of interest.

## PART IV

### HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

- 1 The audited consolidated financial statements for the Company as at and for the financial year ended 31 December 2021, prepared in accordance with IFRS as adopted in the UK, together with the audit reports and notes in respect of such financial year, contained in the Kanabo Group Plc Annual Report & Financial Statements for the year ended 31 December 2020 are incorporated by reference into this Part IV (Historical Financial Information on the Company) as described in Part VIII (Documents incorporated by Reference) of this Document.
- 2 The audited consolidated financial statements for the Company as at and for the financial year ended 31 December 2020, prepared in accordance with IFRS as adopted in the UK, together with the audit reports and notes in respect of such financial year, contained in the Kanabo Group Plc Annual Report & Financial Statements for the year ended 31 December 2021 are incorporated by reference into this Part IV (Historical Financial Information on the Company) as described in Part VIII (Documents incorporated by Reference) of this Document.
- 3 The audited consolidated financial statements for the Company as at and for the financial year ended 31 December 2022, prepared in accordance with IFRS as adopted in the UK, together with the audit reports and notes in respect of such financial year, contained in the Kanabo Group Plc Annual Report & Financial Statements for the year ended 31 December 2022 are incorporated by reference into this Part IV (Historical Financial Information on the Company) as described in Part VIII (Documents incorporated by Reference) of this Document.
- 4 The consolidated financial statements contained in the Kanabo Group Plc 2021 Annual Report & Financial Statements and the Kanabo Group Plc 2020 Annual Report & Financial Statements were audited by PKF Littlejohn LLP and the audit report for such financial years were unqualified. PKF Littlejohn LLP is registered to carry out audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales and has no material interest in the Company or the Group. The consolidated financial statements contained in the Kanabo Group Plc 2022 Annual Report & Financial Statements were audited by MHA, formerly MHA MacIntyre Hudson and the audit report for such financial year was unqualified. MHA is registered to carry out audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales and has no material interest in the Company or the Group.

## PART V

### CAPITALISATION AND INDEBTEDNESS

The following table shows the Group's capitalisation and indebtedness as at 31 March 2023, being a date within 90 days of the date of this Prospectus.

<b>Total Current Debt</b>	<b>31 March 2023</b>
	<b>(£'000)</b>
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	194
<b>Total Non-Current Debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	452
<b>Shareholder Equity</b>	
	<b>(£'000)</b>
Share capital	10,573
Share Premium	6,850
Other reserves	8,872
<b>Total</b>	<b>26,295</b>
<b>Indebtedness</b>	
	<b>31 March 2023</b>
	<b>(£'000)</b>
A. Cash	2,642
B. Cash equivalents	23
C. Other current financial assets	8
<b>D. Liquidity (A) + (B) + (C)</b>	<b>2,673</b>
E. Current financial debt	194
F. Current portion of non-current financial debt	-
<b>G. Current financial indebtedness (E) + (F)</b>	<b>194</b>
<b>H. Net current financial indebtedness (G) – (D)</b>	<b>(2,479)</b>
I. Non-current financial debt (excl. current portion and debt instruments)	452
J. Debt instruments	-
K. Non-current trade and other payables	-
<b>L. Non-current financial indebtedness (I) + (J) + (K)</b>	<b>452</b>
<b>M. Total financial indebtedness (H) + (L)</b>	<b>(2,027)</b>

As at 31 March 2023, the Group had no indirect or contingent indebtedness.

As at the date of the publication of this Document, there has been no material change in the Capitalisation and indebtedness of the Group since 31 March 2023.

## PART VI

### TAXATION

The following section is a summary guide only to certain aspects of tax in the UK and Israel. This is not a complete analysis of all the potential tax effects of acquiring, holding and disposing of Ordinary Shares, nor will it relate to the specific tax position of all Shareholders in all jurisdictions. This summary is not a legal opinion. Shareholders are advised to consult their own tax advisers.

#### 1 TAXATION IN THE UNITED KINGDOM

The following paragraphs are intended as a general guide only and summarise advice received by the Directors about the UK tax position of Shareholders who are resident (and in the case of individuals, ordinarily resident and domiciled) in the UK, holding shares as investments and not as securities to be realised in the course of a trade. Unless otherwise noted the paragraphs below are based on current UK legislation, HM Revenue & Customs practice and incorporates formal announcements made by the Chancellor, but not yet enacted by Parliament.

1.1 An investor should consult his/her own tax professional about the tax consequences of an investment in the shares of the Company.

#### 1.2 Taxation of Dividends

(a) Under current UK legislation, no tax is withheld from dividend payments by the Company.

UK resident individuals are entitled to a £2,000 annual dividend allowance. Dividends received and not exceeding this allowance will not be subject to income tax. Dividends received in excess of this allowance will be taxed at 8.75 per cent. up to the limit of the basic rate income tax band. Dividends received in excess of the basic tax income tax band will be taxed at 33.75 per cent. up to the limit of the higher rate income tax band. Where dividends are received in excess of the higher rate income tax band, then the excess will be taxed at 39.35 per cent. being at the additional rate of income tax.

In the Mini-Budget (Fiscal Event) on 23 September 2022 it was announced by The Chancellor that from 6 April 2023, these rates will reduce as follows; dividend receipts in excess of £2,000 will be taxed at 7.5 per cent for basic rate taxpayers, 32.5 per cent for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

(b) Trustees of discretionary trusts are liable to account for income tax at the dividend trust rate, currently 39.35 per cent.

(c) Non-UK resident Shareholders may also be subject to tax on dividend income under any law to which they are subject outside the UK. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

### 1.3 Taxation of Capital Gains made by Shareholders

#### (a) United Kingdom resident Shareholders

- (i) A disposal of Ordinary Shares by a Shareholder, who is resident for tax purposes in the UK, will in general be subject to UK taxation on the chargeable gain arising on a disposal of Ordinary Shares.
- (ii) UK resident individuals are entitled to an annual allowance to be deducted from any chargeable gain that would otherwise be taxable in the relevant tax year. The annual allowance for the tax year to 5 April 2021 is £12,300. Generally speaking, where the individual's taxable chargeable gains exceed the allowance, then these gains will be taxed at 10 per cent., but only to the extent that the individual's taxable income and chargeable gains do not exceed the basic rate income tax band. Where the individual's taxable income and chargeable gains exceeds the basic rate income tax band and then the remaining chargeable gain will be taxed at 20 per cent.
- (iii) The trustees of discretionary or accumulation trusts may be able to claim an annual allowance being one-half of the allowance available to individuals. For the tax year ended 5 April 2021 the allowance is £6,150. Independent professional advice should be sought before claiming this allowance. Where the allowance is claimed then chargeable gains in excess of this amount will be liable to tax at 20 per cent. Where the allowance is not claimed then the whole chargeable gain will be liable to tax at 20 per cent.

#### (b) Non-residents

- (i) A Shareholder who is not resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation through such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of Ordinary Shares.
- (ii) In addition, any holders of Ordinary Shares who are individuals and who dispose of shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK.
- (iii) All non-resident or non-domiciled Shareholders should seek professional advice before considering a transaction which will be considered a chargeable gain.

#### (c) Companies

For UK corporates, capital gains are currently chargeable at the rate of 19 per cent subject to indexation which may apply to reduce any such gain, although indexation cannot create or increase a capital loss (indexation is no longer available to individuals and trustees). Other reliefs may be relevant.

#### 1.4 Inheritance Tax

- (a) Shareholders regardless of their tax status should seek independent professional advice when considering any event which may give rise to an inheritance tax charge.
- (b) The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold shares in the Company bringing them within the charge to inheritance tax. Holders of shares in the Company should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any shares in the Company through such a company or trust arrangement. They should also seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

#### 1.5 UK Stamp Duty and Duty Reserve Tax

- (a) No UK Stamp Duty or SDRT will be payable on the issue of Ordinary Shares, other than as explained below.
- (b) The transfer on sale of Ordinary Shares will generally be liable to ad valorem Stamp Duty at the rate of 0.5 per cent. (rounded up to the nearest multiple of £5) of the amount or value of the consideration paid. An exemption from Stamp Duty will be available on an instrument transferring Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. The purchaser normally pays the Stamp Duty. An unconditional agreement to transfer such shares will be generally liable to SDRT, at the rate of 0.5 per cent. of the consideration paid, but such liability will be cancelled or a right to a repayment in respect of the SDRT liability will arise if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. SDRT is the liability of the purchaser. Paperless transfers of shares within the CREST system are generally liable to SDRT (at a rate of 0.5 per cent. of the amount or value of the consideration payable) rather than Stamp Duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected by CREST. Deposits of shares into CREST will not generally be subject to SDRT unless the transfer into CREST is itself for consideration.
- (c) The statements in this section relating to Stamp Duty and SDRT apply to any Shareholders irrespective of their residence, summarise the current position and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries.

## 1.6 **General Note on Taxation**

Investors should be aware that taxation treatment may be varied in accordance with changes made in taxation rules by H.M. Government from time to time.

## 2 **ISRAELI TAXATION**

2.1 This summary of Israeli taxation issues can only provide a general overview of this area and it is not a description of all the tax considerations that may be relevant to a decision to invest in the Company.

2.2 The summary of certain Israeli tax issues is based on the laws and regulations in force as of the date of this Document and may be subject to any changes in Israeli law occurring after such date. Legal advice should be taken with regard to individual circumstances. Any person who is in any doubt as to his tax position or where he is resident, or otherwise subject to taxation, in a jurisdiction other than Israel, should consult his professional adviser.

2.3 Shareholders should note that tax law and interpretation can change and that, in particular, the levels and basis of, and reliefs from, taxation may change and may alter the benefits of investment in the Company.

2.4 Any person who is in any doubt about their tax position or who is subject to taxation in a jurisdiction other than Israel should consult their own professional adviser.

2.5 The notes below assume that the conduct of the Company's affairs will be such that, based on current law and practice of the relevant tax authorities, the Company does not become resident for tax purposes in any other territory other than Israel.

### 2.6 **Israeli Tax Considerations and Government Programmes**

(a) The following is a summary of the current tax regime in the State of Israel, which applies to us and to persons who will hold Ordinary Shares.

(b) This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of this kind of investor include traders in securities or persons who do not hold Ordinary Shares as a capital asset. Some parts of this discussion are based on new tax legislation which has not been subject to judicial or administrative interpretation. The section should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

### 2.7 **General Corporate Tax Structure in Israel**

The standard corporate tax rate in Israel for the financial year 2022 is 23 per cent. . Capital gains derived by an Israeli resident company are subject to tax at the prevailing corporate tax rate.



## 2.8 Tax Benefits and Grants for Research and Development

Israeli tax law allows, under certain conditions, a tax deduction for research and development expenditures, including capital expenditures, for the year in which they are incurred if:

- (a) the expenditures are approved by the relevant Israeli government ministry, determined by the field of research;
- (b) the research and development is for the promotion or development of the company; and
- (c) the research and development is carried out by or on behalf of the company seeking the deduction.

However, the amount of such deductible expenses shall be reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. Expenditures not so approved are deductible over a three-year period from the first year that the expenditures were made if the research or development is for the promotion or development of the company.

## 2.9 Tax Benefits under the Law for the Encouragement of Industry (Taxes), 1969

- (a) Under the Law for the Encouragement of Industry (Taxes), 1969 (the "Industry Encouragement Law"), Industrial Companies (as defined below) are entitled to the following tax benefits, among others: deductions over an eight-year period for purchases of know-how and patents; deductions over a three-year period of expenses involved with the issuance and listing of shares on a stock market; the right to elect, under specified conditions, to file a consolidated tax return with other related Israeli Industrial Companies; accelerated depreciation rates on equipment and buildings.
- (b) Under the Industry Encouragement Law, an "Industrial Company" is defined as a company which is an Israeli resident for tax purposes, which at least 90 per cent. of the income of which, in any tax year, exclusive of income from government loans, capital gains, interest and dividends, is derived from an "Industrial Enterprise" owned by it. An "Industrial Enterprise" is defined as an enterprise whose major activity in a given tax year is industrial production activity.
- (c) Eligibility for benefits under the Industry Encouragement Law is not contingent upon the approval of any governmental authority. We believe that we may qualify as an Industrial Company within the meaning of the Industry Encouragement Law. The Israel Tax Authority may determine that we do not qualify as an Industrial Company, which could entail our loss of the benefits that relate to this status. There can be no assurance that we will continue to qualify as an Industrial Company or that the benefits described above will be available in the future.

## 2.10 Tax Benefits under the Law for the Encouragement of Capital Investment-1959 (the "Law")

- (a) Under the Law for the Encouragement of Capital Investment-1959 (the "Preferred Enterprise" and/or "PE"), PE status, which provides for cash and tax benefits, may be granted to enterprises that meet relevant criteria. In general, the Law provides that

projects are considered 'preferred' if the enterprise will contribute to the development of the productive capacity of the economy, absorption of immigrants, creation of employment opportunities, or improvement in the balance of payments.

- (b) In order to qualify as a PE, a company wishing to enjoy these benefits is not required to apply to the tax authorities, but may implement them independently in its income tax returns. The terms stipulated by law for PE eligibility are as follows:
- (i) Company registered in Israel and the business of which is controlled and managed in Israel.
  - (ii) The company must maintain admissible books and records and file any reports required under the Israeli tax laws.
  - (iii) The company Competitive and contributes to the Gross Local Production. **Alternatively**, an enterprise will be deemed to have fulfilled this condition if it exports amount of 25 per cent. at least of its turnover to a specific country or in a separate customs duty territory that has a population of at least 14 million residents.
- (c) In order to qualify for the tax benefits under the Law, the Law requires that the enterprise meets at least one of the following conditions each year:
- (i) Its main activity is Bio-Technology or Nano-Technology (subject to approval from the relevant authority).
  - (ii) Its revenue during the tax year from sales in a specific country or separate customs duties territory does not exceed 75 per cent. from its total revenue for that tax year.
  - (iii) 25 per cent. or more of its revenue during the tax year is derived from sales in a specific country or in a separate customs duty territory that has a population of at least 14 million residents.
- (d) The Law offers business enterprise promoters two types of tax breaks, under the tax benefits tracks or grants track (applicable in Priority Zone A only). It should be noted that enterprises may enjoy both tracks simultaneously.
- (e) **PE Corporate Tax rates**
- The corporate income tax rates to be applied are 7.5 per cent. in Priority Zone A and 16 per cent. in all other areas.
- (f) **PE Dividend Tax rates**
- Rate for foreign recipients of dividends under the tax benefits track will be 20 per cent., or reduced rate under a tax treaty.
- (g) Intra-corporate dividend distributions (between Israeli companies) will be exempt from tax even if derived from the subsidiary's "preferable income".

(h) **Preferred Technology Enterprise (PTE) regime**

- (i) To be eligible for the PTE regime, a company must engage in the technology sector, and compliance with the conditions specified in the law
- (ii) Under the PTE regime, reduced corporate tax rates of 7.5 per cent. for operations in Priority Zone A or 12 per cent. for operations outside of Priority Zone A shall apply.
- (iii) A reduced 4 per cent. WHT rate may apply to dividends paid to a foreign parent company holding at least 90 per cent. of the shares of the distributing company.
- (iv) For other dividend distributions, the WHT rate shall be 20 per cent. , which may be reduced under certain tax treaties.

2.11 **Taxation of Shareholders**

(a) **Capital gains**

- (i) Capital gain tax is imposed on the disposal of capital assets by an Israeli resident, and on the disposal of capital assets by a non-resident of Israel if those assets:
  - (A) are located in Israel;
  - (B) are shares or a right to shares in an Israeli resident corporation; or
  - (C) represent, directly or indirectly, rights to assets located in Israel.

The Ordinance distinguishes between "Real Gain" and "Inflationary Surplus." Real Gain is the excess of the total capital gain over Inflationary Surplus. The Inflationary Surplus is a portion of the total capital gain which is equivalent to the increase of the relevant asset's price that is attributable to the increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of sale. Inflationary Surplus is not subject to tax.

- (ii) Real Gain accrued by individuals on the sale of the Company's Ordinary Shares will be taxed at the rate of up to 25 per cent. .
- (iii) However, if the individual shareholder is a "Substantial Shareholder" (i.e., a person who holds, directly or indirectly, alone or "Together with Another Person," 10 per cent. or more of one of the "Means of Control" of the Israeli resident company) at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30 per cent. . For purposes of this paragraph, the term "Together with Another Person" means together with his or her "Relative," as well as with a person who is not his or her Relative and who has a permanent cooperation with him or her under an agreement in

material matters of the Company, directly or indirectly. The term "Relative" means any of the following:

- (A) a spouse, brother, sister, parent, parent of a parent, descendant and descendant of a spouse, and spouse of any of the aforementioned; and
- (B) a descendant of a brother or sister and a brother or sister of a parent.

Also, for purposes of this paragraph, the term "Means of Control" generally includes the right to vote in a general meeting of shareholders, the right to receive profits, the right to nominate a director or a general manager, the right to receive assets upon liquidation (after payment of debts), or the right to instruct someone who holds any of the aforesaid rights regarding the manner in which he or she is to exercise such right(s), and whether by virtue of shares, rights to shares or other rights, or in any other manner, including by means of voting agreements or trust agreements. In addition, capital gains generated by an individual claiming deduction of financing expenses in respect of such gain will be taxed at the rate of up to 30 per cent.

- (iv) Individual and corporate shareholders dealing in securities in Israel are taxed at the tax rates applicable to business income — in 2022, a tax rate of 23 per cent. for corporations and a marginal tax rate of up to 50 per cent. for individuals (47 per cent. of an ordinary income tax rates and 3 per cent. of a surtax).
- (v) Notwithstanding the foregoing, capital gain derived from the sale of the Company's Ordinary Shares by a Shareholder who is a non-resident of Israel may be exempt from Israeli taxation, provided that all of the following conditions are met:
  - (A) the Ordinary Shares were purchased upon or after the listing of the securities on the stock exchange;
  - (B) the seller does not have a permanent establishment in Israel to which the derived capital gain is attributable;
  - (C) if the seller is a corporation, no more than 25 per cent. of its Means of Control, as defined above, are held, directly and indirectly, by Shareholders who are Israeli residents, alone or Together with Another Person, as defined above, or along with another Israeli resident; and
  - (D) if the seller is a corporation, there are no Israeli residents that are directly or indirectly entitled to 25 per cent. or more of the revenues or profits of the corporation.

In addition, the sale of the Company's Ordinary Shares by a non-Israeli resident Shareholder may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty.

- (vi) Upon the sale of securities, the purchaser, the Israeli stockbroker or the Israeli financial institution through which the shares are held is obligated, subject to the

above exemptions, to withhold tax from the Real Gain at the rate of 25 per cent. or 23 per cent. in respect of an individual or corporation, respectively.

- (vii) Upon the sale of securities traded on a stock exchange, a detailed return, including a computation of the tax due, must be filed and an advance payment must be made on January 31 and July 31 of every tax year, in respect of sales of securities made within the previous six months by Israeli residents for whom tax has not already been deducted. However, if all tax due was withheld at source according to applicable provisions of the Ordinance and the regulations promulgated thereunder, there is no need to file a return and no advance payment must be paid.
- (viii) Capital gains are also reportable on the annual income tax return.

**(b) Dividends**

- (i) A Shareholder who is an Israeli resident individual generally will be subject to income tax at a rate of 25 per cent. on dividends paid by us. However, a 30 per cent. tax rate will apply if the dividend recipient is a Substantial Shareholder, as defined above, at the time of distribution or at any time during the preceding 12-month period. If the recipient of the dividend is an Israeli resident corporation, such dividend generally should be exempt from Israeli income tax, provided that the source of the dividend is income that was derived or accrued within Israel.
- (ii) Dividends distributed by an Israeli resident company to a non-resident of Israel (either individual or corporation) are generally subject to tax at the rate of 25 per cent. (30 per cent. if the dividend recipient is a Substantial Shareholder at the time of distribution or at any time during the preceding 12-month period). These rates may be reduced under the provisions of an applicable tax treaty. Such dividends paid to non-Israeli residents are generally subject to Israeli withholding tax at a rate of 25 per cent. so long as the shares are registered with a Nominee Company (whether the recipient is a Substantial Shareholder or not), unless a reduced tax rate is provided under an applicable tax treaty, provided that a certificate from the Israel Tax Authority allowing for a reduced withholding tax rate is obtained in advance.
- (iii) If the dividend is from profits of PE or PTE, see the relevant paragraph above.
- (iv) We are obligated to withhold tax upon the distribution of dividends.
- (v) A non-resident of Israel who receives dividends from which Israeli tax was withheld is generally exempt from the obligation to file tax returns in Israel with respect to such income, provided that (i) such income was not generated from business conducted in Israel by the taxpayer, and (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed.
- (vi) A non-resident of Israel has to file a tax return, if his Israeli sourced income exceeds the amount determined in section 121B of the ITO (please see the paragraph titled "Surtax" below).

(c) **Surtax**

Individuals who are subject to tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at the rate of 3 per cent. on annual income exceeding NIS 640,000, which amount is linked to the annual change in the Israeli consumer price index (NIS 663,240 for the 2022 tax year), including, but not limited to, dividends, interest and capital gain.

(d) **Foreign exchange regulations**

Non-residents of Israel who hold the Company's Ordinary Shares are able to receive any dividends, and any amounts payable upon the dissolution, liquidation and winding up of our affairs, in non-Israeli currency at the prevailing rate of exchange. However, Israeli income tax is generally required to have been paid or withheld on these amounts. In addition, the statutory framework for the potential imposition of currency exchange control has not been eliminated, and these controls may be restored at any time by administrative action.

(e) **Estate and gift tax**

Israeli law presently does not impose estate or gift taxes.

**This summary of UK and Israeli taxation issues can only provide a general overview of these areas and it is not a description of all the tax considerations that may be relevant to a decision to invest in the Company. The summary of certain UK and Israeli tax issues is based on the laws and regulations in force as of the date of this Document and may be subject to any changes in UK law or Israeli law occurring after such date. Legal advice should be taken with regard to individual circumstances. Any person who is in any doubt as to his or her tax position or where he or she is resident, or otherwise subject to taxation, in a jurisdiction other than the UK or Israel, should consult his or her professional adviser.**

## PART VII

### ADDITIONAL INFORMATION

#### 1 RESPONSIBILITY FOR THE PURPOSES OF THE PROSPECTUS REGULATION RULES

The Directors, whose names appear on page 36, and the Company accept responsibility for the information contained in this Document. To the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and that this Prospectus makes no omission likely to affect its import.

#### 2 INCORPORATION AND STATUS OF THE COMPANY

- 2.1 The Company was incorporated and registered as a public company limited by shares in England and Wales on 17 November 2016 under the Companies Act 2006, with number 10485105, under the name Spinnaker Opportunities plc. Following completion of the reverse takeover acquisition of Kanabo Research by Spinnaker Opportunities plc in February 2021, the Company changed its name to Kanabo Group plc.
- 2.2 The legal and commercial name of the issuer is Kanabo Group plc.
- 2.3 The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares have been created, is the Companies Act.
- 2.4 The Company is domiciled in England and Wales. The Company's registered office is at Churchill House, 137-139 Brent Street, London, NW4 4DJ, United Kingdom.
- 2.5 On 28 June 2021, the Company adopted the Articles in substitution for and to the exclusion of the Company's then existing articles of association. The Company operates in conformity with its Articles and the laws of England and Wales.
- 2.6 On 20 March 2017, the Registrar of Companies for England and Wales issued a certificate entitling the Company to do business under Section 761 of the Act 2006.
- 2.7 The Company's website can be accessed through <http://www.kanabogroup.com>. The information on the website does not form part of this Document, save for any documents incorporated by reference from the website.
- 2.8 The accounting reference date of the Company is currently 31 December.
- 2.9 The ISIN of the Ordinary Shares is GB00BYQCS703.
- 2.10 The legal entity identifier ("**LEI**") of the Company is 213800XPJFSNWJIYKN52 and its SEDOL is BYQCS70. The Company's in respect of the Ordinary Shares is KNB.
- 2.11 The Company's telephone number of its principal place of business is +44 7599 535423.

### 3 SHARE CAPITAL HISTORY

3.1 The Company's issued share capital as at the date of this Document and following Admission is and will be as follows:

**As at the date of this Document**

500,385,193 Ordinary Shares

**As at Admission**

573,216,379 Ordinary Shares

3.2 On incorporation, the original subscribers of the Company, being Andrew Morrison, Jonathan Bradley Hoare and David Little, each subscribed for 1 ordinary share of £1 each. On 14 March 2017, David Little transferred his 1 share of £1 to Andrew Morrison at par value.

3.3 Pursuant to a resolution of the members of the Company passed on 14 March 2017, each ordinary share of £1 each in the Company was sub-divided into 40 Ordinary Shares having a nominal value of 2.5 pence each (the "**Sub-Division**"). Immediately following the Sub-Division, the Company had in issue a total of 120 Ordinary Shares.

3.4 The following table illustrates the number of Ordinary Shares issued by the Company since 1 January 2017 and up to the Last Practicable Date:

Date of Issue	Description	No. of Ordinary Shares	Subscription Price Paid	Total number of Ordinary Shares
14/03/2017	Allotment	2,000,000	£0.025	2,000,120
17/05/2017	IPO Admission	24,000,000	£0.05	26,000,120
03/01/2018	Allotment	3,400,000	£0.05	29,400,120
16/02/2021	RTO Admission	330,829,208	£0.025	360,229,328
16/03/2021	Warrant Exercise	830,198	£0.025	361,059,526
30/03/2021	Warrant Exercise	46,744	£0.025	361,106,270
14/04/2021	Warrant Exercise	256,639	£0.025	361,362,909
21/04/2021	Warrant Exercise	1,506,590	£0.025	362,869,499
26/04/2021	Warrant Exercise	19,318	£0.025	362,888,817



06/05/2021	Warrant Exercise	316,612	£0.025	363,205,429
11/05/2021	Warrant Exercise	615,384	£0.025	363,820,429
14/05/2021	Warrant Exercise	41,808	£0.025	363,862,237
24/05/2021	Placing of Shares	4,545,454	£0.025	368,407,691
12/06/2021	Warrant Exercise	100,000	£0.1	368,507,691
18/06/2021	Warrant Exercise	8,599	£0.1	368,516,290
30/06/2021	Warrant Exercise	5,000	£0.1	368,521,290
07/07/2021	Warrant Exercise	221,608	£0.1	368,742,898
11/07/2021	Warrant Exercise	77,175	£0.1	368,820,073
20/07/2021	Warrant Exercise	105,000	£0.1	368,925,073
30/07/2021	Warrant Exercise	125,000	£0.1	369,050,073
08/09/2021	Warrant Exercise	125,746	£0.1	369,175,819
26/09/2021	Warrant Exercise	142,500	£0.1	369,318,319
12/10/2021	Warrant Exercise	87,528	£0.1	369,405,847
10/10/2021	Warrant Exercise	200,000	£0.1	369,605,847
01/11/2021	Warrant Exercise	109,669	£0.1	369,715,516

08/11/2021	Warrant Exercise	100,000	£0.1	369,815,516
24/11/2021	Warrant Exercise	145,652	£0.025	369,961,168
08/12/2021	Warrant Exercise	5,109	£0.1	369,966,277
04/01/2022	Warrant Exercise	95,540	£0.1	370,061,817
07/02/2022	Warrant Exercise	90,000	£0.1	370,151,817
07/02/2022	Warrant Exercise	1,000	£0.1	370,152,817
07/02/2022	Warrant Exercise	175,000	£0.1	370,327,817
11/02/2022	Warrant Exercise	200,000	£0.1	370,527,817
11/02/2022	Warrant Exercise	21,621	£0.1	370,549,438
18/02/2022	Warrant Exercise	465,555	£0.1	371,014,993
18/02/2022	Warrant Exercise	93,455	£0.1	371,108,448
18/02/2022	Warrant Exercise	145,679	£0.1	371,254,127
18/02/2022	Warrant Exercise	37,500	£0.1	371,291,627
18/02/2022	Warrant Exercise	307,521	£0.1	371,599,148
18/02/2022	Warrant Exercise	210,098	£0.1	371,809,246
18/02/2022	Warrant Exercise	175,000	£0.1	371,984,246

18/02/2022	Warrant Exercise	100,000	£0.1	372,084,246
18/02/2022	Warrant Exercise	1,106,424	£0.1	373,190,670
18/02/2022	Warrant Exercise	7,108	£0.1	373,197,778
21/02/2022	Consideration Shares <sup>25</sup>	21,302,460	£0.1265	394,500,238
21/02/2022	Placing of Shares	28,125,000	£0.08	422,625,238
19/04/2022	Options Exercise	290,818	£0.1	422,916,056
09/05/2023	Placing of Shares	69,444,444	£0.0288	492,360,500
10/05/2023	Placing of Shares	6,944,446	£0.0288	499,304,946
23/05/2023	Placing of Shares	743,055	£0.0606	500,048,001
23/05/2023	Placing of Shares	337,192	£0.0301	500,385,193

### Share Options

- 3.5 On 25 April 2017, the Company established a share option scheme (the "**Share Option Scheme**") under which the Company may grant options over the Ordinary Shares to the Directors and its retained advisers from time to time.
- 3.6 On 27 January 2021, the Company adopted a new share option scheme (the "**Israel Option Scheme**") which has been designed to include persons who are tax resident in Israel. Under the terms of these option schemes, the Board may grant Options over shares equivalent to ten per cent. of the Company's issued share capital from time to time.
- 3.7 The Company has determined that future option awards under collectively the Share Option Scheme and the Israel Option Scheme shall not exceed 10 per cent. of the Company's issued share capital from time to time. The Board shall be responsible for determining appropriate

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<sup>25</sup> Issued to the GP Management Sellers. For further detail please refer to paragraph 2.5 of Part I.

vesting and exercise conditions for any future option award. The purpose of such awards shall be to incentivise key individuals contributing to the development of the Group.

3.8 The Company has issued the following Options under the Share Option Scheme:

Name of Option Holder	Number of Options	Percentage of Enlarged Issued Share Capital on Admission	Date of Vesting	Date of Expiry	Exercise Price
Dr. Daniel Poulter	1,350,000	0.24%	25% of total Options shall vest at consecutive intervals of six months from the start date	90 days after termination without cause of employment (expiry date being, 30 June 2023)	19.7p
Dr. Daniel Poulter	900,000	0.16%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date. The remaining options vest over 8 equal 3-month periods thereafter	90 days after termination without cause of employment (expiry date being, 30 June 2023)	6.5p in respect of 50% of Option and 50% of Option at 8p
Assaf Vardimon	2,000,000	0.35%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date. The remaining options vest over 8 equal 3-month periods thereafter	1 year after termination without cause of employment	6.5p in respect of 50% of Option and 50% of Option at 8p
Richard Scott	2,437,628	0.43%	The Option Shares shall vest and become exercisable in twelve equal	The Option may be exercised after the date of	12.65p

			portions which shall vest over a 3-year period following the Vesting Start Date. One such portion shall vest and become exercisable at the end of the 3-month period following the First Vesting Date and a further portion shall vest and become exercisable at the end of each following 3-month period.	termination for up to 2 years after the Option has fully vested, that is, 5 years after the Vesting Start Date.	
Richard Scott	436,758	0.08%	The Option Shares shall be vest and become exercisable in eight equal portions which shall vest over a 2-year period following the Vesting Start Date. One such portion shall vest and become exercisable at the end of the 3-month period following the First Vesting Date and a further portion shall vest and become exercisable at the end of each following 3-month period.	The Option may be exercised after the date of termination of the Option up to 3 years after the Option has fully vested, that is, 5 years after the Vesting Start Date.	2.5p
Juliet Muvezwa	225,000	0.04%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date.	90 days after termination without cause of employment	6.5p in respect of 50% of Option and 50% of Option at 8p

			The remaining options vest over 8 equal 3-month periods thereafter		
Alex Barber	225,000	0.04%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date. The remaining options vest over 8 equal 3-month periods thereafter	90 days after termination without cause of employment	6.5p in respect of 50% of Option and 50% of Option at 8p
Alex Barber	975,527	0.17%	The Option Shares shall vest and become exercisable in twelve equal portions which shall vest over a 3-year period following the Vesting Start Date. One such portion shall vest and become exercisable at the end of the 3-month period following the First Vesting Date and a further portion shall vest and become exercisable at the end of each following 3-month period	The Option may be exercised after the date of termination of the Option for up to 2 years after the Option has fully vested, that is, 5 years after the Vesting Start Date	10.15p
Mehran Afshar	225,000	0.04%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date. The remaining options vest over 8	90 days after termination without cause of employment	6.5p in respect of 50% of Option and 50% of Option at 8p

			equal 3-month periods thereafter		
Suleman Sacranie	5,829,400	1.02%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date. The remaining options vest over 8 equal 3-month periods thereafter	1 year after termination without cause of employment	6.5p in respect of 50% of Option and 50% of Option at 8p
Suleman Sacranie	1,454,837	0.25%	The Option Shares shall be vest and become exercisable in eight equal portions which shall vest over a 2-year period following the Vesting Start Date. One such portion shall vest and become exercisable at the end of the 3-month period following the First Vesting Date and a further portion shall vest and become exercisable at the end of each following 3-month period	The Option may be exercised after the date of termination of the Option up to 3 years after the Option has fully vested, that is, 5 years after the Vesting Start Date	2.5p
Total	16,059,150				

3.9 In addition, the Company has granted the following Options under the Israel Option Scheme:

<b>Name of Option Holder</b>	<b>Number of Options</b>	<b>Percentage of Enlarged Issued Share Capital on Admission</b>	<b>Date of Vesting and or Details of Vesting Conditions</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>
David Tsur	2,700,000	0.47%	25% of total Options shall vest at consecutive intervals of six months from the date of Admission	90 days after termination without cause of employment	6.5p in respect of 25% of Option and 75% of at 10p
Neliah Goldshtein	225,000	0.04%	Options shall vest over a 4-year period, with 25% thereof vesting on the end of a 12-month period following the Vesting Start Date and the remaining 75% thereof shall vest and become exercisable in 12 equal quarterly portions at the end of 3-month period thereafter	90 days after termination without cause of employment	16.5p
Tal Lupo	168,750	0.03%	Options shall vest over a 4-year period, with 25% thereof vesting on the end of a 12-month period following the Vesting Start Date and the remaining 75% thereof shall vest and become exercisable in 12 equal quarterly portions at the end of 3-month period thereafter	90 days after termination without cause of employment (expiry date being, 8 August 2023)	16.5p



<b>Name of Option Holder</b>	<b>Number of Options</b>	<b>Percentage of Enlarged Issued Share Capital on Admission</b>	<b>Date of Vesting and or Details of Vesting Conditions</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>
Michal Ben Moshe	1,518,750	0.26%	Options shall vest over a 3-year period, 100% thereof shall vest and become exercisable in 12 equal quarterly portions at the end of 3-month period thereafter	1 year after termination without cause of employment (expiry date being, 31 May 2024)	16.5p
Gil Efron	600,000	0.10%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date. The remaining options vest over 8 equal 3-month periods thereafter	90 days after termination without cause of employment (expiry date being 4 August 2023)	6.5p in respect of 50% of Option and 50% of Option at 8p
Yonatan Hillinger	450,000	0.08%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date. The remaining options vest over 8 equal 3-month periods thereafter	90 days after termination without cause of employment	6.5p in respect of 50% of Option and 50% of Option at 8p
Joshua Berman	500,000	0.09%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date. The remaining	90 days after termination without cause of employment	6.5p in respect of 50% of Option and 50% of Option at 8p

<b>Name of Option Holder</b>	<b>Number of Options</b>	<b>Percentage of Enlarged Issued Share Capital on Admission</b>	<b>Date of Vesting and or Details of Vesting Conditions</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>
			options vest over 8 equal 3-month periods thereafter		
Rony Hen	400,000	0.07%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date. The remaining options vest over 8 equal 3-month periods thereafter	90 days after termination without cause of employment	6.5p in respect of 50% of Option and 50% of Option at 8p
Michal Ben Moshe	3,000,000	0.52%	Options shall vest over a 3-year period. 33% vest at the end of the 12-month period following the Vesting Start Date. The remaining options vest over 8 equal 3-month periods thereafter	1 year after termination without cause of employment (expiry date being, 31 May 2024)	6.5p in respect of 50% of Option and 50% of Option at 8p
Total	9,562,500				

## Warrants

3.10 The table set out below shows each of the warrants over Ordinary Shares in the Company currently outstanding, including the number of shares subject to warrant, the exercised period and the exercise prices of such warrants.

Warrant Instrument	As at the date of this Document		As at Admission		Exercise Price	Exercise Period
	Number of Warrants	Percentage of Existing Ordinary Share Capital <sup>26</sup>	Number of Warrants	Percentage of Enlarged Issued Share Capital		
16 pence February 2022 Warrants	14,062,500	2.81%	14,062,500	2.45%	16p	21 July 2023
24 pence February 2022 Warrants	14,062,500	2.81%	14,062,500	2.45%	24p	21 February 2024
Financial Adviser Warrants	2,701,719	0.54%	2,701,719	0.47%	6.5p	17 February 2028
Investor Warrants	1,150,000	0.23%	1,150,000	0.20%	5p	17 February 2024
Seamróg Em Warrants <sup>27</sup>	34,722,222	6.94%	34,722,222	6.06%	5.76p	24 months from the 2023 AGM

<sup>26</sup> To two decimal places.

<sup>27</sup> The Seamróg Em Warrants have been promised under the relevant Subscription Letter but the issue is subject to and conditional upon shareholder approval by the Enlarged Shareholders at the 2023 AGM.

Warrant Instrument	As at the date of this Document		As at Admission		Exercise Price	Exercise Period
	Number of Warrants	Percentage of Existing Ordinary Share Capital <sup>26</sup>	Number of Warrants	Percentage of Enlarged Issued Share Capital		
May 2023 Financial Adviser Warrant <sup>28</sup>	3,472,223	0.69%	3,472,223	0.61%	5.76p	24 months from the 2023 AGM
2023 Fundraise Director and Officer Warrants <sup>29</sup>	9,374,998	1.87%	9,374,998	1.64%	5.76p	24 months from the 2023 AGM
<b>Total<sup>30</sup></b>	<b>79,546,162</b>	<b>15.90%</b>	<b>79,546,162</b>	<b>13.88%</b>		

3.11 Save as disclosed in this paragraph 3, as at the date of this Document:

- (a) no issued Ordinary Shares of the Company are under option or have been agreed conditionally or unconditionally to be put under option;
- (b) no Ordinary Share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
- (c) no commission, discount, brokerage or any other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the Ordinary Share or loan capital of the Company;
- (d) no persons have preferential subscription rights in respect of any Ordinary Share or loan capital of the Company or any subsidiary;

<sup>28</sup> The May 2023 Financial Adviser Warrants have been promised but the issue is subject to and conditional upon shareholder approval by the Enlarged Shareholders at the 2023 AGM.

<sup>29</sup> The 2023 Fundraise Director and Officer Warrants have been promised under the relevant Subscription Letters but the issue is subject to and conditional upon shareholder approval by the Enlarged Shareholders at the 2023 AGM.

<sup>30</sup> This assumes that the Seamróg Em Warrants, the May 2023 Financial Adviser Warrants and the 2023 Fundraise Director and Officer Warrants have been issued in accordance with the relevant Subscription Letters and all relevant conditions have been met, including approval by the Enlarged Shareholders at the 2023 AGM.

- (e) no amount or benefit has been paid or is to be paid or given to any promoter of the Company; and
- (f) the Company will have no short, medium or long-term indebtedness.

3.12 The current authorities as at the date of Admission, were granted to the Directors at the Company's annual general meeting held on 30 June 2022, where Shareholders resolved:

- (a) THAT in accordance with section 551 of the Companies Act 2006 (CA 2006), the Directors of be generally and unconditionally authorised to allot securities (as defined in section 560 of the CA 2006) (Equity Securities) to such persons at such times and on such terms and conditions as the Directors may determine, provided that the aggregate of the nominal amount of such Equity Securities that may be allotted under this authority shall not exceed £6,978,114.92. This authority shall, unless previously renewed, varied or revoked by the Company in general meeting expire at the conclusion of the next annual general meeting of the Company to be held or, if earlier, 12 months from the date the annual general meeting. The Directors may, before expiry make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors may allot Equity Securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired. This authority revokes and replaces all unexercised authorities previously granted to the Directors but without prejudice to any allotment of shares or grant of Equity Securities already made or offered or agreed to be made pursuant to such authorities.
- (b) THAT, subject to the passing of the resolution set out at paragraph 3.12(a) above and in accordance with section 570 of the CA 2006 the Directors be generally empowered to allot Equity Securities pursuant to the authority conferred by the resolution set out at paragraph 3.12(a), as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall:
  - (i) be limited to the allotment of Equity Securities in connection with a rights issue or similar offer to or in favour of ordinary shareholders where the Equity Securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them on that date provided that the Directors of the Company may make such exclusions or other arrangements to deal with any legal or practical problems under the laws of any territory or the requirement of any regulatory body or any stock exchange or with fractional entitlements as they consider necessary or expedient;
  - (ii) be limited to the allotment (otherwise than pursuant to sub paragraph (a) above) of Equity Securities pursuant to the authority granted under the ordinary resolution referred to above up to aggregate nominal amount of £2,114,580.28; and
  - (iii) expire at the conclusion of the next annual general meeting of the company or, if earlier, 12 months from the date of the annual general meeting, unless previously renewed, varied or revoked by the Company in general meeting, save that the company before such expiry make an offer or enter into any agreement which would or might require Equity Securities to be allotted after

such expiry and the Directors of the Company may allot Equity Securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired. All previous authorities under section 571 of the CA 2006 shall cease to have effect at the conclusion of the annual general meeting.

3.13 The Outstanding Consideration Shares to be issued in connection with the GP Services Acquisition are to be allotted and issued pursuant to the authorities granted to the Directors at the Company's annual general meeting held on 28 June 2021, where Shareholders resolved:

- (a) That in accordance with section 551 of the Companies Act 2006 (CA 2006), the Directors be generally and unconditionally authorised to allot securities (as defined in section 560 of the CA 2006) (Equity Securities) to such persons at such times and on such terms and conditions as the Directors may determine, provided that the aggregate of the nominal amount of such Equity Securities that may be allotted under this authority shall not exceed £18,420,384.55. This authority shall, unless previously renewed, varied or revoked by the Company in a general meeting expire at the conclusion of the next annual general meeting of the Company to be held or, if earlier, 12 months from the date the annual general meeting. The Directors may, before expiry, make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors may allot Equity Securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired. This authority revokes and replaces all unexercised authorities previously granted to the Directors but without prejudice to any allotment of shares or grant of Equity Securities already made or offered or agreed to be made pursuant to such authorities.
- (b) That, subject to the passing of the resolution set out at paragraph 3.13(a) above and in accordance with section 570 of the CA 2006 the directors of the Company be generally empowered to allot Equity Securities pursuant to the authority conferred by the resolution set out at paragraph 3.13(a) above, as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that:
  - (i) this power shall be limited to the allotment of Equity Securities in connection with a rights issue or similar offer to or in favour of ordinary shareholders where the Equity Securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them on that date provided that the directors of the Company may make such exclusions or other arrangements to deal with any legal or practical problems under the laws of any territory or the requirement of any regulatory body or any stock exchange or with fractional entitlements as they consider necessary or expedient;
  - (ii) the allotment (otherwise than pursuant to sub paragraph (a) above) of Equity Securities pursuant to the authority granted under the ordinary resolution referred to above is limited to the aggregate nominal amount of £9,210,192.275; and
  - (iii) this power shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, 12 months from the date of the annual general meeting, unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may, before such expiry, make an offer

or enter into any agreement which would or might require Equity Securities to be allotted after such expiry and the directors of the Company may allot Equity Securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired. All previous authorities under section 571 of the CA 2006 shall cease to have effect at the conclusion of the annual general meeting.

- 3.14 The 2020 Deferred Consideration Shares to be issued in connection with the Kanabo Research Acquisition are subject to and conditional on the approval of the Enlarged Shareholders at the 2023 AGM.
- 3.15 The New Ordinary Shares will be fully paid ordinary shares with a nominal value of £0.025 each in the capital of the Company. On Admission, the Outstanding Consideration Shares will be registered with an ISIN of GB00BYQCS703 and a SEDOL of BYQCS70. On admission of the 2020 Deferred Consideration Shares, subject to the approval of the Enlarged Shareholders at the 2023 AGM, the 2020 Deferred Consideration Shares will be registered with an ISIN of GB00BYQCS703 and a SEDOL of BYQCS70.
- 3.16 The New Ordinary Shares will be freely transferable and there will be no restrictions on the transfer of New Ordinary Shares in the UK.
- 3.17 Each New Ordinary Share will rank pari passu for voting rights, dividends and returns on capital on winding up.
- 3.18 All Ordinary Shares in the capital of the Company are in registered form and are capable of being held in certificated and uncertificated form. The Registrar of the Company is Neville Registrars Limited.
- 3.19 The Outstanding Consideration Shares are, and on Admission will be, denominated in pounds sterling.
- 3.20 The 2020 Deferred Consideration Shares are, and on admission of the 2020 Deferred Consideration Shares which is subject to the approval of the Enlarged Shareholders at the 2023 AGM, will be denominated in pounds sterling.

#### **4 ARTICLES OF ASSOCIATION**

The Articles of Association of the Company contain, inter alia, the following provisions relating to the rights attaching to Ordinary Shares:

- 4.1 There are no rights of pre-emption in respect of transfers of issued Ordinary Shares. However, in certain circumstances, the Shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to place new shares for allotment of existing Shareholders on a pro-rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares are offered to the Shareholders;
- 4.2 In order to transfer Ordinary Shares, the instrument of transfer of any such shares must be in any usual or common form or in such other form as may be approved by the Directors and must be executed by or on behalf of the transferor and, if the shares are not fully paid, by or on behalf

of the transferee. The Articles of Association contain no restrictions on the free transferability of fully paid shares, provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles of Association relating to the deposit of instruments for transfer have been complied with;

- 4.3 Each Ordinary Share confers the rights to receive notice of and attend all meetings of Shareholders. Each holder of Ordinary Shares present at a general meeting in person or by proxy has one vote, and, on a poll, one vote for each Ordinary Share of which he is the holder;
- 4.4 On a winding up a liquidator may, with the sanction of a special resolution of the Company, divide amongst the holders of the Company's shares (in specie or in kind) the whole or any part of the assets of the Company, and may, with the like sanction, determine how such diversion is to be carried out;
- 4.5 The Ordinary Shares confer upon their holders the right to participate in any profits which the Company may from time to time determine to distribute in respect of any financial period;
- 4.6 Subject to the provisions of the Companies Act and if the profits of the Company justify such payments, the Directors may declare and pay interim dividends on shares of any class of such amounts as and when they think fit. All dividends are apportioned and paid pro-rata according to the amounts paid on the shares. No dividend or other monies payable on or in respect of a share will bear interest as against the Company. The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply them towards the satisfaction of the debts, liability or engagements in respect of a lien. A dividend may be retained if a Shareholder has failed to comply with the statutory disclosure requirements of the Companies Act. Any dividend unclaimed for twelve years will be forfeited and revert to the Company;
- 4.7 Subject to the provisions of the Companies Act, the Company may purchase any of its own shares, provided that the terms of any contract under which the Company will or may become entitled or obliged to purchase its own shares be authorised by a special resolution of the Company in a General Meeting before the Company enters into such a contract;
- 4.8 All or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class. At every such separate general meeting the quorum is two persons holding or representing by proxy one-third in nominal value of the issued shares of that class; and
- 4.9 The Company may make arrangements for any class of its shares to be issued in uncertificated form and in accordance with and subject as provided in The Uncertificated Securities Regulations 2001 and transfer of title of those shares shall be effected by means of relevant system in the manner provided for and subject as provided for in Uncertificated Securities Regulations 2001. Shares held in certified form and those held in uncertificated form may be changed to certificated form.
- 4.10 A quorum for a general meeting is two members present in person or by proxy and entitled to attend and to vote on the business to be transacted. The Chair may, with the consent of a



meeting at which a quorum is present, and shall if so directed by the meeting, adjourn any meeting from time to time.

- 4.11 Directors' meetings are called by giving notice to all Directors. Notice is treated as properly given if it is given personally, by word of mouth, in writing or by electronic means to the Directors' last known address given by him to the Company for this purpose. Any Director can waive his entitlement to notice of any Directors' meeting including one which has already taken place. The quorum necessary for the transaction of business may be determined by the board and until otherwise determined shall be two persons, each being a Director or an alternate Director. Matters to be decided at a Directors' meeting will be decided by a majority vote. In the case of an equality of votes the Chair of that meeting shall have a casting vote.
- 4.12 At each annual general meeting of the Company any Director then in office who has been appointed by the board since the previous annual general meeting or for whom it is the third annual general meeting following the annual general meeting at which he was elected or last re-elected shall retire from office but shall be eligible for re-appointment.
- 4.13 Any Director can appoint any person (including another Director) to be his alternate and may at his discretion remove an alternate Director so appointed. Any appointment or removal of an alternate Director must be by written notice delivered to the Company's registered office or to an address specified by the Company.

## **5 SQUEEZE OUT AND SELL OUT**

### **5.1 Squeeze Out**

Under the Companies Act, if an offeror were to acquire or contract to acquire 90 per cent. of the shares to which the offer relates within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

### **5.2 Sell Out**

- (a) The Companies Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who made a takeover offer. If a takeover offer related to all the shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.
- (b) The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her

right, the offeree is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed. There have been no public takeover bids by third parties in respect of the share capital of the Company in the last or current financial year.

## 6 DIRECTORS' & OFFICERS' INTERESTS

6.1 As at the date of this Document, the interests of the Directors and their families and the interests of persons connected with them, within the meaning of Part 22 of the UK Companies Act 2006, in the issued share capital of the Company were as follows:

Director	Number of Ordinary Shares	% of Existing Ordinary Shares	2020 Deferred Consideration Shares*	2023 Fundraise Shares**	2023 Fundraise Director and Officer Warrants**	Number of Options
David Tsur	9,828,511	1.96%	1,643,735	173,611	86,805	2,700,000
Avihu Tamir	97,263,870	19.44%	16,266,552	520,833	260,416	-
Ian Mattioli	500,000	0.10%	-	17,361,111	8,680,555	-
Sharon Malka	-	-	-	-	-	-
Suleman Sacranie	10,651,230	2.13%	-	694,444	347,222	7,284,237

(\*) The 2020 Deferred Consideration Shares are subject to the approval of the Enlarged Shareholders at the 2023 AGM.

(\*\*) The relevant 2023 Fundraise Shares issued to the 2023 Fundraise Directors and Officers are subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM.

6.2 As at the date of this Document, there are no potential conflicts of interest between any duties owed to the Company by any of the Directors or the prospective Directors and their private interests and/or other duties. Save as disclosed above, no Director has any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

## 7 MAJOR SHAREHOLDERS AND OTHER INTERESTS

- 7.1 On Admission, the following Existing Shareholder (excluding the Directors whose interests are summarised above) had a notifiable interest (being more than three per cent. of the voting rights) in the issued share capital of the Company:

<b>Name</b>	<b>Number of Ordinary Shares as at the date of this Document</b>	<b>% of Enlarged Issued Share Capital on Admission</b>
Seamróg Em Multi-Strat Sub-Fund	69,444,444	12.11 per cent.

- 7.2 The Company is not, so far as it is aware, directly or indirectly owned or controlled by any single Shareholder or group of Shareholders who are connected.
- 7.3 So far as the Company is aware, there are no arrangements in place, the operation of which may at a subsequent date result in a change of control of the Company.
- 7.4 No Shareholder interested, directly or indirectly, in three per cent. or more of the Enlarged Issued Share Capital has different voting rights from any other holder of Ordinary Shares.

## 8 ADDITIONAL INFORMATION ON THE DIRECTORS AND EMPLOYEES

- 8.1 In addition to their directorships of the Company and the Directors are, or have been, members of the administrative, management or supervisory bodies or partners of the following companies, or partnerships at any time in the five years prior to the date of this Document:

<b>Name of Director</b>	<b>Current directorships and or partnerships</b>	<b>Previous directorships and or partnerships</b>
David Tsur	Kamada Limited Bioharvest science Inc. Kanacare Ltd.	Collplant Holdings Limited Kamhada Nechasim 20001 Limited Adadit International Limited Bio Kam Limited Rad Chemicals Limited
Avihu Tamir	-	Coding House Limited Teva Nature Limited TLV Medicannabis Limited
Sharon Malka	Dotz Nano Ltd. MediWound Limited	Variance Economic Consulting Ltd. PwC Corporate Finance
Ian Mattioli	Mattioli Woods Plc Custodian Property Income REIT plc	K3 Capital Group Plc DRUM Income Plus REIT plc

8.2 None of the Directors has at any time within the last five years:

- (a) had any convictions in relation to fraudulent offences;
- (b) been declared bankrupt or been the subject of any individual voluntary arrangement;
- (c) been associated with any bankruptcy, receivership or liquidation in his or her capacity as director or senior manager;
- (d) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);
- (e) been disqualified by a court from acting as a director;
- (f) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company;
- (g) been a partner or senior manager in a partnership which, while he or she was a partner or within twelve months of his or her ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;
- (h) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he or she was a partner at that time or within the twelve months preceding such event; or
- (i) been a director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he or she was a director or senior manager of that company or within twelve months of his or her ceasing to be an a director or senior manager.

## **9 LITIGATION**

9.1 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which, during the 12 months immediately preceding the date of this Document, may have, or have had in the recent past, significant effects on the financial position or profitability of the Company or the Group.

## **10 DIVIDEND POLICY**

The Directors' current intention is to retain any earnings for use in the Group's operations and the Directors do not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and to the extent that to do so is in accordance with all applicable laws.

## 11 REGULATORY DISCLOSURES

The Company regularly publishes announcements via the RNS system and the Company's website. Below is a summary of the information disclosed in accordance with the Company's obligations under UK MAR over the last 12 months which are relevant as at the date of this Document. In addition to the RNS system, full announcements can be accessed on the webpage of the Company at <https://www.kanabogroup.com/investors/>.

Date	Key Aspects of Regulatory Disclosures
08.06.2023	Notice of the Company's annual general meeting to be held on 30 June 2023.
31.05.2023	For the purposes of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, the Company has 500,385,193 ordinary shares of 2.5p each in issue, each share carrying the right to one vote.
26.05.2023	The issue of 1,080,247 ordinary shares issued to advisers and service providers (being the 4LLC Shares and the Asserson Shares) were admitted on 26 May 2023.
23.05.2023	<ul style="list-style-type: none"> <li>• Asserson will be issued with 743,055 new ordinary shares at a price of 6.06 pence per share. These shares will be issued as payment for outstanding invoices.</li> <li>• 4LLC will receive 5,000,000 shares at a price of 3.01 pence as part of a settlement agreement entered between Kanabo, Luca Longobardi, and 4LLC. 4LLC will receive their shares in two tranches, with 3,000,000 shares ("<b>First Tranche</b>") to be received on 23 May 2023 and the remaining 2,000,000 shares ("<b>Second Tranche</b>") to be received three months following 23 May 2023.</li> <li>• Of the First Tranche, 337,192 new ordinary shares will be issued by the Company immediately. The remaining 2,662,808 ordinary shares of the First Tranche will be transferred from the shares previously held by Atul Devani.</li> <li>• In relation to the Second Tranche, the Company will make an announcement in due course.</li> </ul>
16.05.2023	<p>Further to the below announcement made on 16 May 2023, the Company made the following clarifications:</p> <ul style="list-style-type: none"> <li>• As announced on 21 February 2022, as part-consideration for the acquisition of The GP Service Limited, Kanabo was due to issue 12,574,931 new Ordinary Shares to MEIF on or around 22 August 2023, at an issue price of 12.65p per share.</li> <li>• Following completion of the 2023 Fundraise, and with the consent of MEIF, the issuance date of these consideration shares should be extended to 31 December 2024.</li> </ul>

Date	Key Aspects of Regulatory Disclosures
16.05.2023	The definition of "Final Repayment Date" in the original MEIF loan agreement shall be extended to 31 December 2024 or such later date as determined by MEIF. It was also agreed that if the Company, at its discretion and at any time prior to the Final Repayment Date, finds buyers for the 12,574,931 ordinary shares it will do so to satisfy the loan repayment.
15.05.2023	Following the completion of the Financial Adviser Option, the 6,944,446 ordinary shares issued through the Financial Adviser Option have been admitted on 15 May 2023, to the Standard List of the London Stock Exchange.
12.05.2023	Following the completion of the 2023 Fundraise, the 69,444,444 ordinary shares issued to Seamróg Em have been admitted on 12 May 2023, to the Standard List of the London Stock Exchange.
10.05.2023	The Financial Adviser Option closed and has been fully taken up, raising £200,000 at the issue price of 2.88 pence per share through the issue of 6,944,446 new Ordinary Shares.
09.05.2023	Non-executive director David Tsur has decided to transition to Deputy Chairman following the appointment of Ian Mattioli as non-executive director Chairman.
09.05.2023	<ul style="list-style-type: none"> <li>• Completion of a fundraise (being, the 2023 Fundraise) to raise approximately £2.54 million via the issue of 88,194,443 new Ordinary Shares.</li> <li>• Additionally, the Company has also agreed to issue investors warrants to purchase up to 44,097,220 new Ordinary Shares.</li> <li>• Company has granted Peterhouse an option over 6,944,444 new Ordinary Shares<sup>31</sup> (or such other number of new Ordinary Shares as agreed between the Company and Peterhouse).</li> </ul>
04.05.2023	Non-executive director Gil Efron has decided to step down from the Board of Directors. Sharon Malka has been appointed as a non-executive director of the Board of Directors.
02.05.2023	The publication of the final results for the year ended 31 December 2022.
31.03.2023	Non-executive director Dan Poulter has decided to step down from the Board of Directors.

<sup>31</sup> The announcement stated the incorrect number of options over ordinary shares, being that the announcement should have stated that the Company has granted Peterhouse an option over 6,944,446 new Ordinary Shares (or such other number of new Ordinary Shares as agreed between the Company and Peterhouse).

Date	Key Aspects of Regulatory Disclosures
13.03.2023	<ul style="list-style-type: none"> <li>• Launch of "Treat It" a new online medicinal cannabis clinic for pain management which aims to address the issue of limited access to pain management treatments for the approximately 8 million chronic pain sufferers in the UK.</li> <li>• "Treat It" enables patients to access healthcare professionals via Kanabo's secure, digital healthcare platform.</li> </ul>
07.03.2023	The Board has approved the appointment of MHA MacIntyre Hudson, now MHA, as the Company's auditor for the financial year ending 31 December 2022, with immediate effect.
14.02.2023	<p>Business update setting out various highlights and updates, including:</p> <ul style="list-style-type: none"> <li>• Fully integrated the strategic acquisition of The GP Service, expanding the Company's activities across the digital health services arena;</li> <li>• Generated over 100 per cent. increase in consultations on GP Service platform since acquisition;</li> <li>• Launched new cannabis-derived pain management formulations in the UK;</li> <li>• European CE approval for cannabis inhaler is on track, with an approval expected in third quarter of 2023.</li> </ul>
17.01.2023	<ul style="list-style-type: none"> <li>• Launch of two new medical cannabis extract formulas for inhalation, designed specifically to fill a gap in the market for premium products for patients with severe pain.</li> <li>• Kanabo is developing a new platform using GP Services. All the regulatory approvals have been obtained, and the testing stage of the platform has begun.</li> </ul>
30.12.2022	Non-executive director Andy Morrison has decided to step down from the Board of Directors.
02.12.2022	Jeffreys Henry LLP has resigned as the Company's independent auditor with immediate effect on the grounds that Jeffrey's Henry has taken the decision not to register itself with the Financial Reporting Council as an eligible auditor to undertake Public Interest Entity audits.
15.11.2022	<ul style="list-style-type: none"> <li>• The FCA has approved the prospectus issued by U.K. SPAC in connection with its acquisition of Hellenic Dynamics Ltd and the proposed re-admission of U.K. SPAC (to be renamed Hellenic Dynamics Plc) to the standard listing segment of the Official List and to trading on the London Stock Exchange's Main Market.</li> <li>• Kanabo has acquired an interest over £750,000 worth of shares in Hellenic Dynamics Ltd which the Company will receive as part of the proposed listing of Hellenic Dynamics.</li> </ul>
24.10.2022	Kanabo appointed to British Standards Institution Steering Group Committee to co-develop standard specifications for the safety, quality

Date	Key Aspects of Regulatory Disclosures
	and performance of CBD vape products to ensure consistency of quality and consumer protection.
30.09.2022	Half yearly results for the period ended 30 June 2022.
30.08.2022	The grant of two types of options over a total of 22,759,150 shares to certain employees, pursuant to their terms of employment.
19.08.2022	The Board has approved the appointment of Jeffrey Henry as the Company's auditor for the financial year ending 31 December 2022.
30.06.2022	All resolutions were duly passed at the Company's annual general meeting.
16.06.2022	<ul style="list-style-type: none"> <li>• The Group has formed an Israeli subsidiary company, Kanabo Agritec Ltd, which Kanabo Research holds a 40 per cent. shareholding together with certain additional control rights over the strategic direction of the subsidiary.</li> <li>• Kanabo Agritec Ltd has signed its first MoU for advising on the design, build and operation of a 4,000kg per annum indoor cultivation and processing facility in Madrid, Spain. The proposed facility is to be focused exclusively on medical cannabis.</li> </ul>

## 12 RELATED PARTY TRANSACTIONS

Save for the issue of Options to the Directors disclosed in paragraph 14 of this Part VII, the Company has not been a party to any related party transactions.

## 13 WORKING CAPITAL

As at the date of this Document, the Company is of the opinion that the working capital available to the Group is, for at least the next twelve months from the date of this Document, sufficient for its present requirements.

## 14 SIGNIFICANT CHANGE

14.1 Apart from the event listed below, there has been no significant change in the financial performance or financial position of the Group since 31 December 2022, being the date to which the latest audited financial information of the Group has been published:

- Fundraise of £2.54 million (being, the 2023 Fundraise) by way of the issue of 88,194,443 new ordinary shares of 2.5 pence each in the Company at a price of 2.88p per share to each of the 2023 Fundraise Sellers. Only 69,444,444 of the 88,194,443 shares have been issued at the date of Admission for a total of £2,000,000. The balance is conditional on approval of the Enlarged Shareholders at the 2023 AGM which will take place after Admission. See paragraph 15.6 of Part VII for further detail on the 2023 Fundraise.



## 15 MATERIAL CONTRACTS - KANABO

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company or any member of the Group (i) in the two years immediately preceding publication of this Document and which are or may be material to the Company or any member of the Group, or (ii) which contain any provision under which the Company or any member of the Group has any obligation or entitlement which is or may be material to the Company or any member of the Group as at the date of this Document.

### 15.1 GP Services Acquisition Agreements

For a description of the GP Services Acquisition Agreements entered into by the Company, please see Part I (Description of the Acquisitions) of this Document. In particular, please refer to:

- (a) the SPA entered into by the Company at paragraph 4.1;
- (b) the lock-in agreements entered into by the Company at paragraph 4.2;
- (c) the MEIF Deed of Amendment entered into by the Company at paragraph 4.3;
- (d) the Second MEIF Deed of Amendment entered into by the company at paragraph 4.4;  
and
- (e) the Maven Waiver Letter entered into by the Company at paragraph 4.5.

### 15.2 Relationship Agreement

Avihu Tamir (the "**Covenantor**") and the Company entered into a Relationship Agreement dated 27 January 2021 to regulate the relationship between the Company and the Covenantor with effect from 16 February 2021. The Relationship Agreement contains customary terms and conditions, including a requirement that any transactions or arrangements proposed to be entered into between the Covenantor or his associates and the Company be transacted on arms' length terms and approved by the Directors other than any interested Covenantor who is also a Director. In addition, the Covenantor has agreed that there will be at all times a majority of independent Directors (as such term is defined in the Relationship Agreement). The Relationship Agreement will remain in full force and effect so long as the Covenantor's aggregate shareholding in the Company exceeds 25 per cent.

### 15.3 Investor Warrants

On 19 March 2020, the Company raised £125,000 through the issue of convertible loan notes over a total of 2,500,000 Ordinary Shares exercisable at the Conversion Price on the date on RTO Admission. On 6 April 2020, the Company raised an additional £40,000 through the issue of further convertible loan notes over a total of 800,000 Ordinary Shares on the same terms. Together the loan notes issued on the 19 March 2020 and on the 6 April 2020, shall be collectively referred to as the "**Loan Notes**".

In consideration for the subscription for the Loan Notes, the Company granted to the Noteholders a warrant to subscribe for one Ordinary Shares for every two Conversion Shares

issued to the Noteholder. The warrants are exercisable at the Conversion Price and will be valid for a period of three years.

#### 15.4 **Financial Adviser Warrants**

On 27 January 2021, the Company entered into a financial adviser warrant deed entitling Peterhouse to warrants over 2,701,719 Ordinary Shares (the "**Financial Adviser Warrants**"). The Financial Adviser Warrants are exercisable at £0.065, exercisable for a period of seven years from the date of RTO Admission.

#### 15.5 **February 2022 Warrants**

On 21 February 2022, the Company announced that it had completed a £2.25 million fundraising ("**Fundraise**") by way of a placing of 28,125,000 new ordinary shares of 2.5 pence each in the Company ("**Placing Shares**") at a price of 8p per share. Each Placing Share issued pursuant to the Fundraise has half a warrant attached granting the holder the right to subscribe for an additional half a new ordinary share at an exercise price of 16 pence for a period of 18 months (the "**16 pence February 2022 Warrants**") following admission to trading of the Placing Shares ("**Placing Admission**").

In addition, each Placing Share issued pursuant to the Fundraise also has half a warrant attached granting the holder the right to subscribe for an additional half a New Ordinary Share at an exercise price of 24 pence for a period of 24 months (the "**24 pence February 2022 Warrants**" and together with the 16 pence February 2022 Warrants, the "**February 2022 Warrants**") following Placing Admission, subject to the publication of a prospectus by the Company.

#### 15.6 **2023 Fundraise**

- (a) On 9 May 2023, the Company announced that it had completed a £2.54 million fundraising ("**2023 Fundraise**") by way of the issue of 88,194,443 new ordinary shares of 2.5 pence each in the Company ("**2023 Fundraise Shares**") at a price of 2.88p per share to each of the 2023 Fundraise Sellers. Further, on 9 May 2023, the Company announced that it issued 69,444,444 of the 2023 Fundraise Shares to Seamróg Em and the remaining 18,749,999 of the 2023 Fundraise Shares are to be issued to the directors and offices set out below, subject to approval of the Enlarged Shareholders at the 2023 AGM.
- (b) Each 2023 Fundraise Share issued pursuant to the 2023 Fundraise has half a warrant attached, granting the holder the right to subscribe for an additional half a new ordinary share at an exercise price of 5.76 pence and exercised within 24 months of the date of issue ("**May 2023 Warrants**"). The May 2023 Warrants shall be issued no later than 9 August 2023.
- (c) Each of the 2023 Fundraise Sellers entered into a subscription letter with the Company on substantially similar terms ("**Subscription Letters**"), as follows:
  - (i) Seamróg EM on 28 April 2023 for the issue of a minimum of 69,444,444 new 2023 Fundraise Shares and 34,722,222 warrants for an aggregate subscription price of £2,000,000 ("**Seamróg Em Warrants**"). The Seamróg Em Warrants are

- subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM;
- (ii) David Tsur on 5 May 2023 for the issue of a minimum of 173,611 new 2023 Fundraise Shares and 86,805 2023 Fundraise Director and Officer Warrants for an aggregate subscription price of £5,000. These 2023 Fundraise Shares are subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM;
  - (iii) Suleman Sacranie on 5 May 2023 for the issue of a minimum of 694,444 new 2023 Fundraise Shares and 347,222 2023 Fundraise Director and Officer Warrants for an aggregate subscription price of £20,000. These 2023 Fundraise Shares are subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM;
  - (iv) Avihu Tamir on 5 May 2023 for the issue of a minimum of 520,833 new 2023 Fundraise Shares and 260,416 2023 Fundraise Director and Officer Warrants for an aggregate subscription price of £15,000. These 2023 Fundraise Shares are subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM; and
  - (v) Ian Thomas Mattioli on 5 May 2023 for the issue of a minimum of 17,361,111 new 2023 Fundraise Shares and 8,680,555 2023 Fundraise Director and Officer Warrants for an aggregate subscription price of £500,000. These 2023 Fundraise Shares are subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM.
- (d) The Subscription Letters issued to the 2023 Fundraise Sellers states that the full terms of the May 2023 Warrants will be detailed in a separate equity warrant instrument ("**Equity Warrant Instrument**"). The draft Equity Warrant Instrument states the following terms for the May 2023 Warrants:
- (i) each 2023 Fundraise Seller may subscribe for the number of Ordinary Shares in the capital of the Company as set out above at paragraph 15.6(c) ("**Warrant Shares**");
  - (ii) the Company must maintain a register of its warrantholders of the Company in accordance with the conditions set out in the Equity Warrant Instrument (including restrictions on transfer and transmission of the relevant 2023 May Warrants) and must issue the relevant 2023 May Warrants within 10 business days of entering the name of the relevant holder into the Company's register;
  - (iii) each 2023 Fundraise Seller may exercise its right (in whole or in part and on any number of occasions) to subscribe in cash at the relevant subscription price for the Warrant Shares during the period of 24 months beginning on 31 July 2023 ("**Exercise Period**");
  - (iv) any rights to subscribe for the Warrant Shares not exercised before expiry of the Exercise Period shall automatically lapse and cease to be exercisable;

- (v) if an effective resolution is passed or an order is made for the winding up of the Company, the subscription rights of the 2023 May Warrants shall automatically lapse and cease to be exercisable on the date of that resolution or order;
- (vi) The Warrant Shares issued shall:
  - (A) be issued fully paid;
  - (B) rank pari passu and form one class with the fully paid shares of the same class then in issue, subject to the Articles of Association of the Company; and
  - (C) entitle each 2023 Fundraise Seller to receive any dividend or other distribution announced or declared on or after the date of issue of the relevant Warrant Shares.

### 15.7 Financial Adviser Option

On 9 May 2023, the Company announced that it had granted Peterhouse an option over 6,944,444 new ordinary shares (or such other number of new ordinary shares as agreed between the Company and Peterhouse) ("**Financial Adviser Option**")<sup>32</sup>. Full take up of this number of new ordinary shares under the Financial Adviser Option would raise a further £200,000 for the Company, before expenses.

Shareholders who held shares in the Company and were on the register of members as at the close of business on 5 May 2023, had been given a priority right to participate in the Financial Adviser Option and all orders from such Shareholders would be accepted and processed by Peterhouse, subject to scale-back in the event of over-subscription under the Financial Adviser Option. The Financial Adviser Option was not underwritten. Peterhouse was entitled to participate in the Financial Adviser Option as principal.

On 9 May 2023, Peterhouse confirmed to the Company that the Financial Adviser Option was fully taken up, raising £200,000 at the issue price of 2.88 pence per share through the issue of 6,944,446 new Ordinary Shares ("**Financial Adviser Shares**").

Each Financial Adviser Share issued has half a warrant attached, granting the holder the right to subscribe for an additional half a new ordinary share at an exercise price of 5.76 pence for a period of 24 months following admission of the Financial Adviser Shares ("**May 2023 Financial Adviser Warrant**"). The May 2023 Financial Adviser Warrants are subject to and conditional upon approval by the Enlarged Shareholders at the 2023 AGM.

### 15.8 4LLC Settlement Agreement

On 25 April 2023, the Company, Luca Longobardi and The 4<sup>th</sup> Consulting LLC (formerly known as The 4<sup>th</sup> LLC) ("**4LLC**") entered into a settlement agreement whereby the Company agreed to

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<sup>32</sup> The announcement stated the incorrect number of options over ordinary shares, being that the announcement should have stated that the Company has granted Peterhouse an option over 6,944,446 new Ordinary Shares (or such other number of new Ordinary Shares as agreed between the Company and Peterhouse).

issue 5 million shares to 4LLC ("**4LLC Settlement Shares**") ("**4LLC Settlement Agreement**"), as agreed consideration for the engagement of 4LLC by the Company, pursuant to the engagement agreement between 4LLC and the Company dated 6 June 2021.

Further, on 28 September 2022, the Company entered into a settlement agreement with (1) Atul Devani, (2) GP Services and (3) Kanabo Newco, pursuant to which Atul Devani's employment with GP Services was terminated ("**GP Services Settlement Agreement**"). Under the terms of the GP Services Settlement Agreement, Atul Devani agreed to return 25 per cent. of his Consideration Shares (comprising the 9,599,108 held by him directly and the 1,052,122 held by his trust Atul Suryakant Devani MW Trustees Limited) which amounts to 2,662,808 ordinary shares, to the Company ("**Termination Shares**"). The Termination Shares were transferred from Atul Devani to Luca Longobardi on 25 May 2023.

The Company proposes that the issue of the 4LLC Settlement Shares by the Company to 4LLC be partially settled by way of transfer of the Termination Shares by Atul Devani to Luca Longobardi, in accordance with the 4LLC Settlement Agreement. Accordingly, the Company must issue to 4LLC the 4LLC Settlement Shares less the Termination Shares over two tranches, as follows:

- (a) 337,192 shares ("**First Tranche Shares**") on 23 May 2023 ("**First Issue Date**"); and
- (b) 2,000,000 shares are to be issued no later than 3 calendar months after the First Issue Date.

On 23 May 2023, the Company announced that the First Tranche Shares were issued to 4LLC.

## 15.9 **Asserson Agreement**

On 19 December 2021, the Company entered into an agreement with Asserson for general legal advisory services ("**Asserson Agreement**"), whereby it was agreed that a fixed portion of the Company's monthly retainer fee with Asserson, being £3,000, would be paid for by the Company by the allotment and issue of shares in the Company to Asserson.

In accordance with the Asserson Agreement, the board of the Company agreed to issue 743,055 Ordinary Shares having a nominal value of £0.025 each in the capital of the Company to Asserson at a subscription price of £0.0606 per share ("**Asserson Shares**"). On 23 May 2023, the Company announced that the Asserson Shares were issued to Asserson.

## 16 **MATERIAL CONTRACTS – GP SERVICES**

The following is the only contract (not being contracts entered into in the ordinary course of business) which has been entered into by GP Services in the two years immediately preceding publication of this Document and which is or may be material to GP Services or which contains any provision under which GP Services has any obligation or entitlement which is or may be material to GP Services as at the date of this Document:

### 16.1 **CBILS Loan Agreement**

On 22 January 2021 GP Services ("**the Borrower**") entered into a facility letter with MEIF WM Debt LP acting by its general partner Maven MEIF (WM) GP (One) Limited (the "**Lender**")

pursuant to which the Lender will make available to the Borrower a term loan facility in the maximum aggregate principal amount of £500,000 (the "**Loan**") subject to the Lender receiving a guarantee from the UK Government under the Coronavirus Business Interruption Loan Scheme ("**CBILS**"). The Loan, which carries a fixed rate interest of nine per cent. per annum, is repayable in 15 equal quarterly instalments of £33,333.33 (excluding interest) commencing on 31 March 2022.

## 17 R&D LICENCES HELD BY THE GROUP

17.1 The Group has the benefit of the following R&D Licences granted by the MCU. The R&D Licences are granted pursuant to the Dangerous Drugs Ordinance 1973 and in accordance with the Dangerous Drugs Regulations 1979.

17.2 The Group holds the following licences, which enables it to undertake research activities in respect of the formulation of cannabis oils and to conduct safety testing with its vaporisation device (the "**Testing R&D Licence**"):

Reference	Short Description	Activities Permitted	Practical Application	Date of Expiration/ Renewal
RDL-REQ152-190121	Development of Unique Cannabis Extracts	To conduct research on medicinal cannabis extractions and processes, including permissions to possess and handle cannabis for research purposes and to conduct laboratory work for pre-approved research activities	This license allows Kanabo to develop formulations of pure cannabis extracts with the appropriate physical properties for vaporising on a metered-dose Drug Delivery System (DDS). The formulations will not include harmful additives, non-cannabinoids/ non-terpenes, or combustible materials	19 January 2022
RDL-REQ626-030722	Development of a water soluble formula	To conduct research on the development of a novel cannabinoids formulas based on water solubility and improved bioavailability	This license allows Kanabo to develop formulations of water soluble cannabinoids that can be implemented in various products	Minimum 12 months following Admission

Reference	Short Description	Activities Permitted	Practical Application	Date of Expiration/ Renewal
RDL-REQ627-030722	Kanabo Inhalation Formulas Stability studies.	To conduct testing in order to evaluate and extend the stability and shelf life of Kanabo products.	This license allows Kanabo to assess its products stability and to optimize and extend products shelf life.	Minimum 12 months following Admission

## 18 OTHER INFORMATION

- 18.1 The auditor of the Company for the period covered by the historical financial information was PKF Littlejohn LLP, whose registered address is at 15 Westferry Circus, London E14 4HD. On 7 March 2023, the Company announced the appointment of MHA MacIntyre Hudson (now MHA) as its new independent auditor whose registered address is Moorgate House, 201 Silbury Boulevard, Milton Keynes, Buckinghamshire, MK9 1LZ. Until 19 December 2018, Adler Shine LLP whose registered address is at Aston House, Cornwall Avenue, London N3 1LF was the auditor of the Company. PKF Littlejohn LLP, MHA and Adler Shine LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.
- 18.2 The Historical Financial Information of the Group included in this Document has been incorporated by reference from the Company's annual accounts as set out in Part IV of this Document. In relation to such financial information, no audit reports have been refused by the auditors of the Company and no audit reports contain qualifications or disclaimers, to the extent that they have been audited.
- 18.3 The issue of the Outstanding Consideration Shares on Admission will result in the Existing Ordinary Shares being diluted so as to constitute approximately 12.71 per cent. of the Enlarged Issued Share Capital and the interests of Existing Shareholders will be diluted accordingly.
- 18.4 The total costs (including fees and commissions) payable by the Company in connection with the GP Services Acquisition and Admission are estimated at £290,000 plus VAT.
- 18.5 The nominal value of the Ordinary Shares is denominated in sterling.
- 18.6 PKF Littlejohn LLP has given and not withdrawn its consent to the inclusion in this Document of its name in the form and in the context in which it appears.
- 18.7 Azets Audit Services has given and not withdrawn its consent to the inclusion in this Document of its name in the form and in the context in which it appears.
- 18.8 MHA, formerly MHA MacIntyre Hudson, has given and not withdrawn its consent to the inclusion in this Document of its name in the form and in the context in which it appears.

- 18.9 Where information contained in this Document has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 18.10 No Director or anyone with administrative, management or senior management roles in the Company has a conflict of interest between any duties they have to the Company and their - private interests other than potential conflicts of interest regarding Directors' availability to allocate their time due to directorships held with other companies.
- 18.11 Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes in relation thereto.

## **19 DOCUMENTS AVAILABLE FOR INSPECTION**

- 19.1 Copies of the following documents will be available for inspection during normal business hours on any business day at the registered office of the Company for a period of 12 months following Admission. In addition, the following documents will be published in electronic form and be available on the Company's website at [www.kanabogroup.com](http://www.kanabogroup.com) subject to certain access restrictions applicable to persons located or resident outside the United Kingdom.
- (a) this Document;
  - (b) the SPA;
  - (c) the Articles of Association of the Company; and
  - (d) the audited annual accounts incorporated into this document by reference at Part VIII of this Document.

Dated: 13 June 2023



## PART VIII

### DOCUMENTS INCORPORATED BY REFERENCE

- 1 The table below sets out the documents of which certain parts are incorporated by reference into, and form part of, this Document. Only the parts of the documents identified in the table below are incorporated into, and form part of, this Document. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this Document. To the extent that any information incorporated by reference itself incorporates any information by reference, either expressly or by implication, such information will not form part of this document for the purposes of the Prospectus Regulation Rules, except where such information is stated within this Document as specifically being incorporated by reference or where the document is specifically defined as including such information.
- 2 Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

<b>Reference Document</b>	<b>Information incorporated by reference</b>	<b>Page number in reference document</b>
<i>31 December 2022 Annual Report and Accounts</i>	Independent Auditor's Report	49-57
	Consolidated statement of profit and loss	58
	Consolidated statement of comprehensive loss	59
	Consolidated and Company's statement of financial position	60-61
	Consolidated and Company's statement of changes in equity	62-63
	Consolidated and Company's statement of cash flow	64-65
	Notes to the financial statements	66-124
<i>31 December 2021 Annual Report and Accounts</i>	Independent Auditor's Report	36-43
	Consolidated income statement	44
	Consolidated statement of comprehensive income	44
	Consolidated and Company's statement of financial position	45-46
	Consolidated and Company's statement of changes in equity	47-48
	Consolidated and Company's statement of cash flow	49-50
	Notes to the financial statements	51-84

<i>31 December 2020 Annual Report and Accounts</i>	Independent Auditor's Report	32-37
	Consolidated income statement	38
	Consolidated statement of comprehensive income	of 38
	Consolidated statement of financial position	39
	Consolidated statement of changes in equity	40
	Consolidated cash flow statement	41
	Notes to the financial statements	42-55

The 2022 Annual Report and Accounts, the 2021 Annual Report and Accounts and the 2020 Annual Report and Accounts in accordance with paragraph 19 of Part VII. These documents are also available at <https://www.kanabogroup.com/investors/> and <https://polaris.brighterir.com/public/kanabo/news/rns/story/w133per>.

## PART IX

### DEFINITIONS

- 1 References to a "company" in this document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.
- 2 The following definitions apply throughout this Document unless the context requires otherwise:

<b>16 pence February 2022 Warrants</b>	means the warrants over Ordinary Shares issued to investors pursuant to the Fundraise, as particularly described in paragraph 15.5 of Part VII
<b>2020 Deferred Consideration Shares</b>	means a total of 38,461,492 Ordinary Shares due to be allotted and issued to the Kanabo Research Sellers as a result of the achievements of certain milestones pursuant to the Kanabo Research SPA, subject to the approval of the Enlarged Shareholders at the 2023 AGM
<b>2023 AGM</b>	means the Company's next Annual General Meeting which is expected to be held on 30 June 2023
<b>2023 Fundraise</b>	means the Company's £2.54 million fundraising in May 2023 by way of an issue of 88,194,443 new ordinary shares of 2.5 pence each in the Company, as particularly described in paragraph 15.6 of Part VII
<b>2023 Fundraise Directors and Officers</b>	means (i) Mr Ian Mattioli, (ii) Mr David Tsur, (iii) Mr Avihu Tamir, and (iv) Mr Suleman Sacranie
<b>2023 Fundraise Director and Officer Warrants</b>	means the 9,374,998 warrants issued to the 2023 Fundraise Directors and Officers, in aggregate, under the 2023 Fundraise, subject to the approval of the Enlarged Shareholders at the 2023 AGM, as particularly described in paragraph 15.6 of Part VII
<b>2023 Fundraise Sellers</b>	means Seamróg Em and the 2023 Fundraise Directors and Officers
<b>2023 Fundraise Shares</b>	means the 88,194,443 new ordinary shares of 2.5 pence each in the Company issued under the 2023 Fundraise, as particularly described in paragraph 15.6 of Part VII

<b>24 pence February 2022 Warrants</b>	means the warrants over Ordinary Shares issued to investors pursuant to the Fundraise, as particularly described in paragraph 15.5 of Part VII
<b>Admission</b>	means the admission of the Outstanding Consideration Shares to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities
<b>Acquisitions</b>	means the Kanabo Research Acquisition and the GP Services Acquisition
<b>Articles of Association or Articles</b>	means the articles of association of the Company in force from time to time
<b>Asserson</b>	means Asserson Law Offices
<b>Asserson Agreement</b>	means the agreement between the Company and Asserson dated 19 December 2021, as particularly described in paragraph 15.9 of Part VII
<b>AT</b>	means Avihu Tamir, CEO of the Company
<b>business day</b>	means a day (other than a Saturday or a Sunday) on which banks are open for business in London
<b>certificated or in certificated form</b>	means in relation to a share, warrant or other security, a share, warrant or other security, title to which is recorded in the relevant register of the share, warrant or other security concerned as being held in certificated form (that is, not in CREST)
<b>Cannabis</b>	means a genus of aromatic herb plants belonging to the family Cannabaceae originating from Central Asia and now cultivated worldwide for medicinal, recreational and fibre uses, with the female plants being an abundant source of the psychoactive substance THC, and also known as marijuana
<b>Companies Act</b>	means the Companies Act 2006, as amended

<b>Company or Kanabo</b>	means Kanabo Group Plc, a public limited company incorporated in England and Wales company with registered number 10485105
<b>Completion</b>	means completion of the GP Services Acquisition (and references to complete shall be construed accordingly)
<b>Completion Date</b>	means 21 February 2022
<b>Consideration Shares</b>	means the 94,133,645 ordinary shares in the share capital of the Company with a nominal value of £0.025 in connection with the GP Services Acquisition, (comprising 21,302,460 ordinary shares in the share capital of the Company issued to the GP Management Sellers on Completion Date, and the Outstanding Consideration Shares)
<b>Conversion Shares</b>	means the 3,300,000 Ordinary Shares to be allotted and issued to the Noteholders following the conversion of the Loan Notes
<b>Conversion Price</b>	means £0.05 (5 pence) per Ordinary Share
<b>CREST or CREST System</b>	means the paperless settlement system operated by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments
<b>Dangerous Drugs Ordinance</b>	means the Israeli Dangerous Drugs Ordinance New Version 5733-1973 (as amended)
<b>Directors or Board or Board of Directors</b>	means the directors of the Company, whose names appear at page 36 or the board of directors from time to time of the Company, as the context requires, and "Director" is to be construed accordingly
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance published by the Financial Conduct Authority and the transparency rules made by the Financial Conduct Authority under section 73A of FSMA, as amended from time to time
<b>Document or Prospectus</b>	this prospectus relating to the Company, prepared in accordance with the Prospectus Regulation Rules

<b>EEA</b>	means the European Economic Area
<b>Enlarged Fully Diluted Share Capital</b>	means 630,814,748 Ordinary Shares, representing the Existing Ordinary Share Capital as increased by the issue of the Outstanding Consideration Shares on Admission and assuming the exercise of all Investor Warrants, Financial Adviser Warrants, February 2022 Warrants and Options (capable of being exercised)
<b>Enlarged Issued Share Capital or Enlarged Issued Share Capital on Admission</b>	means the 573,216,379 issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the Outstanding Consideration Shares
<b>Enlarged Shareholders</b>	means holders of the Existing Ordinary Shares, the Outstanding Consideration Shares and any Shareholders of the Company that are eligible to vote at the 2023 AGM
<b>Existing Ordinary Share Capital or Existing Ordinary Shares</b>	means the 500,385,193 Ordinary Shares in issue immediately preceding Admission
<b>Existing Shareholders</b>	means the holders of Existing Ordinary Shares
<b>EU</b>	means the Member States of the European Union
<b>EU Prospectus Regulation</b>	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017
<b>EUWA</b>	the European Union Withdrawal Act 2018, as amended by the European Union (Withdrawal) Act 2020
<b>EU-GMP</b>	means European Union Good Manufacturing Practice being the minimum standard which a manufacturer of medicines intended for the EU market (no matter where in the world it is located) must meet, and must comply with, in their production processes
<b>Euroclear</b>	means Euroclear UK & Ireland Limited
<b>FCA</b>	means the Financial Conduct Authority

<b>February 2022 Warrants</b>	means the 16 pence February 2022 Warrants and the 24 pence February 2022 Warrants
<b>Financial Adviser Option</b>	means the options over Ordinary Shares issued to Peterhouse, as particularly described in paragraph 15.7 of Part VII
<b>Financial Adviser Shares</b>	means the 6,944,446 Ordinary Shares issued following the exercise of the Financial Adviser Option, as particularly described in paragraph 15.7 of Part VII
<b>Financial Adviser Warrants</b>	means the warrants over Ordinary Shares issued to Peterhouse, as particularly described in paragraph 15.4 of Part VII
<b>Fundraise</b>	means the Company's £2.25 million fundraising in February 2022 by way of a placing of 28,125,000 new ordinary shares of 2.5 pence each in the Company, as particularly described in paragraph 15.5 of Part VII
<b>FSMA</b>	means the Financial Services and Markets Act 2000 of England and Wales, as amended from time to time
<b>FTSE</b>	means the Financial Times Stock Exchange
<b>GP Management Sellers</b>	Atul Devani, Atul Suryakant Devani MW Trustees Limited and Suleman Sacranie
<b>GP Sellers</b>	means the shareholders of GP Services
<b>GP Services</b>	means The GP Service (UK) Ltd a private limited company incorporated in England and Wales with registered number 09359853
<b>GP Services Acquisition</b>	means the acquisition of the entire issued share capital of The GP Service (UK) Ltd by the Company in accordance with the terms of the SPA
<b>GP Services Acquisition Agreements</b>	means the SPA, the Lock-In Agreements and the MEIF Deed of Amendment, as further described in paragraph 4 of Part I (Description of the Acquisitions) of this Document

<b>Group</b>	means the Company and its subsidiary undertakings from time to time and GP Services
<b>IFRS</b>	means International Financial Reporting Standards, as adopted for use in the United Kingdom
<b>ISIN</b>	means the International Securities Identification Number
<b>Issued Share Capital</b>	means the total number of Ordinary Shares in issue from time to time
<b>IPO Admission</b>	means the admission of the Company on 17 May 2017 to the Standard Segment of the Official List
<b>IMH or Ministry of Health</b>	means the Israeli Ministry of Health, the ministry of the Israeli government responsible for formulating health related policies and planning, licensing, supervising, and coordinating the country's healthcare services
<b>Investor Warrants</b>	means the warrants issued to the Note Holders in consideration for their subscription for Loan Notes, as particularly described in paragraph 15.3 of Part VII
<b>Israel Share Option Scheme</b>	means the new share option scheme established by the Company on 27 January 2021
<b>Jupiter</b>	means Jupiter Research LLC
<b>Kanabo Newco</b>	means Kanabo GP Limited, a private limited company incorporated in England and Wales with registered number 13914824, a subsidiary of the Company
<b>Kanabo Research</b>	means Kanabo Research Limited, a company with limited liability incorporated in Jerusalem, Israel, with company registration number 515538247
<b>Kanabo Research Acquisition</b>	means the acquisition of the entire issued share capital of Kanabo Research Limited by the Company in accordance with the terms of the Kanabo Research SPA
<b>Kanabo Research Consideration Shares</b>	means the 230,769,210 ordinary Shares allotted and issued to the Kanabo Research Sellers in connection with the



	Kanabo Research Acquisition as set out in the Kanabo Research SPA
<b>Kanabo Research Sellers</b>	means the shareholders of Kanabo Research Limited
<b>Kanabo Research SPA</b>	means the share purchase agreement dated 17 December 2020 made between (i) the Company, (ii) the Kanabo Research Sellers and (iii) Kanabo Research
<b>Last Practicable Date</b>	means 12 June 2023, being the last practicable date prior to publication of this Document
<b>LEI</b>	means Legal Entity Identifier
<b>Licence Areas</b>	means Israel, the European Union and the United Kingdom
<b>Listing Rules</b>	means the Listing Rules made by the FCA under Part VI of the FSMA
<b>Loan Notes</b>	means the convertible loan notes issued by the Company to the Noteholders
<b>Lock-In Agreements</b>	means the lock-in agreements entered into between the Company, Kanabo Newco and each of the GP Sellers on 21 February 2022
<b>London Stock Exchange</b>	means London Stock Exchange Plc
<b>Main Market</b>	means the regulated market of the London Stock Exchange for listed securities
<b>Market Abuse Regulation or UK MAR</b>	means the UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse which is part of UK law by virtue of the EUWA as amended pursuant to the Market Abuse (Amendment) (EU Exit) Regulations 2019/310
<b>Maven GP Sellers</b>	means Maven Income & Growth VCT PLC, Maven Income & Growth VCT 3 PLC, Maven Income & Growth VCT 4 PLC and Maven Income & Growth VCT 5 PLC

<b>Maven Waiver Letter</b>	means the waiver letter dated 8 June 2023 between (i) the Maven GP Sellers and DVest Nominees Limited (ii) Kanabo Newco and (iii) the Company as further described in paragraph 4 of Part I (Description of the Acquisitions) of this Document
<b>May 2023 Financial Adviser Warrant</b>	means the 3,472,223 warrants issued under the Financial Adviser Option, subject to the approval of the Enlarged Shareholders at the 2023 AGM, as particularly described in paragraph 15.7 of Part VII
<b>May 2023 Warrants</b>	means the Seamróg Em Warrants and the 2023 Fundraise Director and Officer Warrants, subject to the approval of the Enlarged Shareholders at the 2023 AGM, as particularly described in paragraph 15.6 of Part VII
<b>MCU</b>	means the Medical Cannabis Unit of the Israeli Ministry of Health
<b>Medical Cannabis</b>	refers to the use of Cannabis and its constituent cannabinoids to treat disease or improve symptoms such as pain, muscle spasticity, nausea and other indications
<b>Medical Cannabis Products</b>	means together the Unlicensed Medical Cannabis Oils and the VapePod Medical
<b>MEIF</b>	means MEIF WM Debt LP
<b>MEIF Deed of Amendment</b>	means the deed of amendment dated 21 February 2022 relating to a term loan agreement between (i) MEIF (ii) GP Services and (iii) the Company as further described in paragraph 4 of Part I (Description of the Acquisitions) of this Document
<b>MEIF Kanabo Shares</b>	means up to 12,574,931 ordinary shares in the share capital of the Company with a nominal value of £0.025 each to be issued to buyers procured by Kanabo's broker in connection with the GP Services Acquisition, as more particularly described in paragraph 4.3 of Part I of this Document
<b>MHRA</b>	means the Medicines Healthcare Regulatory Products Agency

<b>Nabinnol</b>	means Kanabo's unlicensed Medical Cannabis Oil "Nabinnol" which has been formulated to treat insomnia and other sleep related disorders
<b>New Ordinary Shares</b>	means the Outstanding Consideration Shares and the 2020 Deferred Consideration Shares
<b>Noteholders</b>	means the holders of Loan Notes issued by the Company
<b>Official List</b>	the official list of the FCA pursuant to Part VI of FSMA
<b>Option Holders</b>	means the holders of Options granted under the terms of the Share Option Scheme or the Israel Share Option Scheme
<b>Options</b>	means the options to acquire Ordinary Shares granted to Option Holders
<b>Ordinary Shares</b>	means the ordinary shares of 2.5 pence each in the capital of the Company including, if the context requires, the New Ordinary Shares
<b>Outstanding Consideration Shares</b>	means 72,831,186 ordinary shares in the share capital of the Company with a nominal value of 2.5 pence to be issued to the remaining GP Sellers in connection with the GP Services Acquisition
<b>Outstanding Director Shares</b>	means the 18,749,999 new ordinary shares in the share capital of the Company with a nominal value of 2.5 pence to be issued to the 2023 Fundraise Directors and Officers in connection with the 2023 Fundraise, subject to the approval of the Enlarged Shareholders at the 2023 AGM
<b>Peterhouse</b>	means Peterhouse Capital Limited, Financial Adviser and Rule 3 Adviser to the Company, which is authorised and regulated by the FCA
<b>The Panel</b>	the Panel on Takeovers and Mergers
<b>Pilot</b>	means the pilot previously undertaken by Kanabo
<b>POCA</b>	means the Proceeds of Crime Act 2002

<b>Pods</b>	means the tamper proof, non-refillable cartridges in which Kanabo's Retail CBD Oils will be filled and sold
<b>Premium Listing</b>	means a listing on the premium segment of the Official List (pursuant to Chapter 6 of the Listing Rules)
<b>Primary Markets</b>	means the primary markets in which Kanabo sells its Retail CBD Products, being the United Kingdom and Germany
<b>Prospectus Regulation Rules</b>	means the prospectus regulation rules of the FCA made in accordance with section 73A of FSMA
<b>R&amp;D</b>	means research and development activities
<b>R&amp;D Lab</b>	means the lab rented by Kanabo at which it carries out its research and development activities, located at the Weizmann Park Rehovot, Israel
<b>Retail CBD Oils</b>	means the range of oils containing CBD for over the counter consumer use that Kanabo has developed, including "Reload", "Relax" and "Repair"
<b>Retail CBD Products</b>	means, together, the CBD Oils and the VapePod
<b>R&amp;D Licences</b>	means all research and development licences granted by the MCU held by Kanabo including the Testing R&D Licences
<b>RNS</b>	means one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies
<b>RTO Admission</b>	means the admission of the Company's share capital to trading on the Main Market following completion of the Company's Reverse Takeover, which took place on 16 February 2021
<b>Safety and Efficacy Study</b>	means the study the Group intends to undertake in a clinical setting in relation to Nabinnol, as more particularly described in paragraph 3.2(b) of Part II of this Document
<b>Seamróg Em</b>	Seamróg Em Multi-Strat Sub-Fund

<b>Seamróg Em Warrants</b>	means the 34,722,222 warrants issued to Seamróg Em under the 2023 Fundraise, subject to the approval of the Enlarged Shareholders at the 2023 AGM, as particularly described in paragraph 15.6 of Part VII
<b>Second MEIF Deed of Amendment</b>	means the deed of amendment dated 26 April 2023 relating to a term loan agreement between (i) MEIF (ii) GP Services and (iii) the Company as further described in paragraph 4 of Part I (Description of the Acquisitions) of this Document
<b>Second Tranche 4LLC Shares</b>	means the remaining 2,000,000 shares to be issued by the Company to 4LLC, as further described in the Summary
<b>Securities Act</b>	means the U.S. Securities Act of 1933, as amended
<b>Share Option Scheme</b>	means the share option scheme established by the Company on 25 April 2017
<b>Shareholders</b>	means the holders of the Ordinary Shares
<b>SPA</b>	means the share purchase agreement dated 21 February 2022 made between (i) the Company, (ii) the GP Sellers, (iii) Avihu Tamir, (iv) Kanabo Newco and (v) GP Services, the terms of which are summarised in paragraph 4 of Part I of this Document
<b>Standard Listing</b>	means a standard listing under Chapter 14 of the Listing Rules
<b>T340</b>	means the Group's formulation for an Unlicensed Medical Cannabis Oil
<b>Takeover Code</b>	means the City Code on Takeovers and Mergers
<b>Target</b>	means GP Services
<b>Telehealth Services</b>	means the use of digital information and communication technologies to access health care services remotely
<b>Testing R&amp;D Licence</b>	means the R&D licences issued by the MCU, as more particularly described in paragraph 17 of Part VII of this Document

<b>Tobacco Products Directive</b>	means the Tobacco Products Directive (2014/14/EU)
<b>UK Corporate Governance Code</b>	means the Corporate Governance Code issued by the Financial Reporting Council from time to time
<b>UK Prospectus Regulation</b>	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 as it forms part of domestic law by virtue of the EUWA
<b>uncertificated form</b>	means, in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST
<b>United Kingdom or U.K.</b>	means the United Kingdom of Great Britain and Northern Ireland
<b>United States or US</b>	means the United States of America, its territories and possessions, any state or political sub-division of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America
<b>Unlicensed Medical Cannabis Oils</b>	means unlicensed formulations of cannabis oils developed by Kanabo for the purpose of treating a particular clinical condition but which has not undergone any clinical trials
<b>VapePod</b>	means the Kanabo's vaporisation device designed for use with the CBD Oils, as more particularly described in paragraph 1 of Part II of this Document
<b>VapePod Devices</b>	means collectively the VapePod and the VapePod Medical
<b>VapePod Medical</b>	means Kanabo's vaporisation device designed for use with Medical Cannabis Oils, as more particularly described in paragraph 1 of Part II of this Document
<b>VapePod Medical Safety Testing</b>	means the study the Group intends to undertake in a clinical setting in relation to the VapePod Medical
<b>VAT</b>	means value added tax

<b>Warrants</b>	means the Financial Adviser Warrants, the February 2022 Warrants and the Investor Warrants
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References to a "company" in this document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

## PART X

### GLOSSARY OF TECHNICAL TERMS

The following definitions apply throughout this Document unless the context requires otherwise:

<b>Cannabinoids</b>	compounds that activate cannabinoid receptors, including endocannabinoids produced by humans and animals, phytocannabinoids produced by cannabis and a few other plants, and synthetic cannabinoids;
<b>Cannabidiol or CBD</b>	a non-psychoactive phytocannabinoid with broad therapeutic applications;
<b>Cannabinol</b>	a phytocannabinoid produced by the degradation of THC, known for its sedative qualities;
<b>Cannabis Sativa</b>	an annual herbaceous flowering plant indigenous to eastern Asia but now of global distribution due to widespread cultivation; cultivated throughout recorded history and used as a source of food, fuel, fibre, and medicine;
<b>CBD oil</b>	concentrated CBD-rich oil extracted from cannabis plants;
<b>CBPM</b>	means cannabis-based products for medical use in humans;
<b>CE Mark</b>	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area (EEA); also found on products sold outside the EEA that are manufactured in, or designed to be sold in, the EEA;
<b>Contract Research Organization (CRO)</b>	a company that provides support to the pharmaceutical, biotechnology, and medical device industries through contracted research services such as assay development, clinical research, clinical trials management, and more;
<b>E-cigarette</b>	means an e-cigarette device and cartridges used for e-cigarette devices used for the purpose of smoking or "vaping" tobacco products;
<b>Distillate</b>	something formed by distillation; cannabis extracts that have been purified and processed to separate cannabinoids into precise amounts, usually in liquid form, by removing terpenes, chlorophyll, organic matter, and other cannabinoids;
<b>Formulation</b>	a mixture prepared according to a specific procedure (called a "formula") important for medicinal development in order to ensure the active ingredients are delivered to the consumer via



	the desired metabolic pathway, in the desired amount and at the desired rate;
<b>GCP</b>	means ICH Good Clinical Practice, which is an international ethical and scientific quality standard for designing, conducting, recording and reporting trials which involve the participation of human subjects;
<b>GMP</b>	a system of specific methods and standards of manufacturing processes that ensure products are consistently produced and controlled according to quality standards, designed to minimize the risks involved in any manufacturing production that cannot be eliminated through testing the final product; cGMP refers to good manufacturing practices for cannabis manufacturing;
<b>ICH</b>	International Council for Harmonisation of Technical Requirements for Pharmaceutical Human Use;
<b>Medical Validation</b>	the process of establishing the suitability of a mechanism or system to consistently perform a particular task or to produce a product with predetermined specifications and quality attributes, in the context of medical applications;
<b>Novel Food</b>	a type of food that does not have a significant history of consumption or is produced by a method that has not previously been used for food;
<b>Over the Counter (OTC)</b>	drugs that are purchased by ordinary retail purchase, and do not require a physician's prescription or specialty license;
<b>PG</b>	propylene glycol, a substance commonly used as a food additive or ingredient in many cosmetic products;
<b>Pharmaceutical</b>	a compound manufactured for use as a medicinal drug, related to their preparation, use, or sale;
<b>Pharmacokinetic</b>	the branch of pharmacology concerned with the movement of drugs within the body;
<b>Pharmacodynamics</b>	means the biomechanical and physiological effects of drugs on the human body or in animals;
<b>Psychoactivity</b>	the measure of how cannabis and other drugs or substances affect the mind, mood, or other mental states;

<b>R&amp;D Committee</b>	the special research and development committee of the MCU, who are responsible for considering and vetting applications for clinical trials;
<b>Terpenes</b>	volatile hydrocarbons found in the essential oils produced by many plants, including cannabis;
<b>Tetrahydrocannabinol (THC)</b>	the principal phytocannabinoid of the Cannabis sativa plant, responsible for much of the psychoactivity; also known as delta-9-THC. Other forms of THC include Delta-8-THC and 11-OH-THC, which vary in levels of psychoactivity;
<b>UKCA Mark</b>	the United Kingdom Conformity Assessed mark, which was introduced from 1 January 2021 to replace the CE mark in Great Britain, although for most goods the CE mark will remain acceptable for a transition period ending on 31 December 2024;
<b>Vaporisation</b>	the process that occurs when a chemical or element is converted from a liquid or a solid to a gas, the two types of vaporisation are evaporation and boiling; and

## **ANNEX**

1. The GP Service (UK) Ltd audited annual report and financial statements for the year ended 31 January 2022.
2. The GP Service (UK) Ltd audited revised annual report and financial statements for the year ended 31 January 2021.
3. The GP Service (UK) Ltd unaudited financial statements for the year ended 31 January 2020.

Company registration number 09359853 (England and Wales)

**THE GP SERVICE (UK) LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2022**

# THE GP SERVICE (UK) LTD

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# THE GP SERVICE (UK) LTD

## STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2022

	Notes	2022 £	2021 £
<b>Non-current assets</b>			
Intangible assets	6	116,369	121,508
Property, plant and equipment	5	10,973	14,944
		<u>127,342</u>	<u>136,452</u>
<b>Current assets</b>			
Trade and other receivables	7	51,404	57,527
Current tax recoverable		63,704	79,906
Cash and cash equivalents		235,040	883,379
		<u>350,148</u>	<u>1,020,812</u>
<b>Current liabilities</b>			
Trade and other payables	13	253,312	197,673
Borrowings	10	1,471,694	1,207,822
Lease liabilities	14	-	4,236
		<u>1,725,006</u>	<u>1,409,731</u>
<b>Net current liabilities</b>		<u>(1,374,858)</u>	<u>(388,919)</u>
<b>Non-current liabilities</b>			
Borrowings	10	1,856,446	1,793,594
<b>Net liabilities</b>		<u>(3,103,962)</u>	<u>(2,046,061)</u>
<b>Equity</b>			
Called up share capital	17	1,344	1,344
Share premium account	18	3,783,194	3,783,194
Retained earnings		(6,888,500)	(5,830,599)
<b>Total equity</b>		<u>(3,103,962)</u>	<u>(2,046,061)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

**THE GP SERVICE (UK) LTD**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 JANUARY 2022**

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The revised financial statements were approved by the board of directors and authorised for issue on 31 October 2022 and are signed on its behalf by:

A Tamir  
**Director**

**Company Registration No. 09359853**

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

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### 1 Accounting policies

#### Company information

The GP Service (UK) Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Coventry University Technology Park, The Technocentre, Puma Way, Coventry, West Midlands, United Kingdom. CV1 2TT. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The company's shareholders have provided confirmation at the time of the directors' approval of these financial statements, that they will continue to provide finance to ensure the company can continue to operate for the foreseeable future. Note 26 to these accounts explains the financial support provided to the Company since the year end.

Thus the directors have a reasonable expectation that the company has access to adequate resources and continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Revenue

The company is in the business of providing online medical services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a service to a customer.

#### 1.4 Intangible assets other than goodwill

Intangible assets comprise the costs incurred in the development of the medical and prescriptions platform. The asset is defined as having finite useful life and the costs are amortised at 67% per annum on a reducing basis. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	33% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.



# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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### 1 Accounting policies

(Continued)

#### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company 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 it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

##### *Financial assets held at amortised cost*

Financial instruments are classified as financial assets measured at amortised cost 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 arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### 1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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### 1 Accounting policies

(Continued)

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

#### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

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

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

---

### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.14 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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### 1 Accounting policies

(Continued)

#### 1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### 1.16 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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### 2 Adoption of new and revised standards and changes in accounting policies

#### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet. The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The directors have considered the amendments above and do not believe there will be a significant impact on the company's financial statements when they are adopted.

### 3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be any estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Admin staff	12	10
	<u>          </u>	<u>          </u>

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 5 Property, plant and equipment

	Computers £
<b>Cost</b>	
At 1 February 2020	87,870
Additions	4,058
	<hr/>
At 31 January 2021	91,928
Additions	5,106
Disposals	(20,086)
	<hr/>
At 31 January 2022	76,948
	<hr/>
<b>Accumulated depreciation and impairment</b>	
At 1 February 2020	55,845
Charge for the year	21,139
	<hr/>
At 31 January 2021	76,984
Charge for the year	4,870
Eliminated on disposal	(15,879)
	<hr/>
At 31 January 2022	65,975
	<hr/>
<b>Carrying amount</b>	
At 31 January 2022	10,973
	<hr/> <hr/>
At 31 January 2021	14,944
	<hr/> <hr/>

### 6 Intangible assets

	Development costs £
<b>Cost</b>	
At 1 February 2020	885,586
Additions	239,597
	<hr/>
At 31 January 2021	1,125,183
Additions - internally generated	227,600
	<hr/>
At 31 January 2022	1,352,783
	<hr/>

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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6	Intangible assets	(Continued)
		Development costs £
	<b>Amortisation and impairment</b>	
	At 1 February 2020	760,659
	Charge for the year	243,016
		<hr/>
	At 31 January 2021	1,003,675
	Charge for the year	232,739
		<hr/>
	At 31 January 2022	1,236,414
		<hr/>
	<b>Carrying amount</b>	
	At 31 January 2022	116,369
		<hr/> <hr/>
	At 31 January 2021	121,508
		<hr/> <hr/>
	At 31 January 2020	124,927
		<hr/> <hr/>

7	Trade and other receivables	2022	2021
		£	£
	Trade receivables	32,648	13,670
	Other receivables	-	2,182
	Prepayments	18,756	41,675
		<hr/>	<hr/>
		51,404	57,527
		<hr/> <hr/>	<hr/> <hr/>

### 8 Trade receivables - credit risk

#### Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

### 9 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

## THE GP SERVICE (UK) LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

#### 10 Borrowings

	Current		Non-current	
	2022	2021	2022	2021
	£	£	£	£
<b>Borrowings held at amortised cost:</b>				
Bank loans	87,981	-	412,019	500,000
Debentures	1,383,713	1,207,822	-	-
MEIF Debentures	-	-	1,444,427	1,293,594
	<u>1,471,694</u>	<u>1,207,822</u>	<u>1,856,446</u>	<u>1,793,594</u>

Bank loans represent a Coronavirus Business Interruption Loan Scheme (CBILS), repayable by instalments over a 3 year period commencing March 2022.

MEIF Debenture Loan of £1,444,427 (2021: £1,293,594), including accrued interest, is interest bearing at 10%pa and is repayable, other than by instalments, in 2023. The loan is secured by a first fixed and floating charge on the company's assets and undertaking.

Debenture loans of £1,383,713 (2021: £1,207,822), including accrued interest, are interest bearing at 14%pa, and are repayable on demand. The debenture loan is secured by fixed and floating charges on the company's assets and undertaking.

Since the year end, the MEIF Debenture Loan and the Debenture Loans have been cleared as part of the sale of the Company to the new Shareholders. Please see note 26 for more detail.

#### 11 Liquidity risk

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	Less than 1 month	3 months to 1 year	1 – 5 years	Total
	£	£	£	£
<b>At 31 January 2021</b>				
Bank overdrafts	2,387	-	-	2,387
CBILS	-	-	500,000	500,000
Debentures	-	1,207,822	-	1,207,822
MEIF Debentures	-	-	1,293,594	1,293,594
	<u>2,387</u>	<u>1,207,822</u>	<u>1,793,594</u>	<u>3,003,803</u>
<b>At 31 January 2022</b>				
CBILS	-	87,981	412,019	500,000
Debentures	-	1,383,713	-	1,383,713
MEIF Debentures	-	-	1,444,427	1,444,427
	<u>-</u>	<u>1,471,694</u>	<u>1,856,446</u>	<u>3,328,140</u>

Additional details of the bank loans, Debentures and MEIF Debentures can be found in Note 13.



# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 11 Liquidity risk

(Continued)

#### Liquidity risk management

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

### 12 Market risk

#### Market risk management

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

The company only trades in sterling and is not exposed to foreign exchange risk.

The company does not hold any investments in other companies or marketable securities and so is not exposed to other price risk.

#### Interest rate risk

The company has bank overdrafts, bank loans, debenture loans and MEIF debenture loans which all incur interest. The company manages the interest rate risk by limiting its exposure to floating interest rates. The company currently has fixed interest rates on all its borrowings, except for the bank overdraft which is floating. The exposure is minimal and the company looks to avoid using its overdraft where possible.

### 13 Trade and other payables

	2022	2021
	£	£
Trade payables	88,183	131,037
Accruals	134,981	44,730
Social security and other taxation	23,228	15,245
Other payables	6,920	6,661
	<u>253,312</u>	<u>197,673</u>

### 14 Lease liabilities

	2022	2021
	£	£
Maturity analysis		
Within one year	-	5,036
	<u>-</u>	<u>5,036</u>

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 14 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £	2021 £
Current liabilities	-	4,236

Amounts recognised in profit or loss include the following:

	2022 £	2021 £
Interest on lease liabilities	2,301	6,129

Other leasing information is included in note 20.

### 15 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	5,814	3,355

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 16 Share-based payments

	Number of share options		Average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 February 2021	5,345,220	-	0.03	-
Granted in the period	-	5,345,220	-	0.03
Outstanding at 31 January 2022	5,345,220	5,345,220	0.03	0.03
Exercisable at 31 January 2022	-	-	-	-

#### Options outstanding

The options outstanding at 31 January 2022 had an exercise price of £0.026. The options are exercisable upon sale or IPO of the business.

Since the year end, the company has been sold. 196,547 options were exercised at that date, and the remaining options have lapsed.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

### 16 Share-based payments (Continued)

**Expenses**

Related to equity settled share based payments	20,203	13,693
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### 17 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
A Ordinary shares of 0.01p each	11,283,310	11,283,310	1,129	1,129
B Ordinary shares of 0.0001p each	14,756,588	14,756,588	15	15
C Ordinary shares of 0.01p each	1,966,000	1,966,000	197	197
D Ordinary shares of 0.0001p each	2,596,987	2,596,987	3	3
	<u>30,602,885</u>	<u>30,602,885</u>	<u>1,344</u>	<u>1,344</u>

### 18 Share premium account

	2022	2021
	£	£
At the beginning of the year	3,783,194	2,874,814
Issue of new shares	-	907,737
Share capital reduction	-	643
At the end of the year	<u>3,783,194</u>	<u>3,783,194</u>

### 19 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Nicholas Parrett and the auditor was Azets Audit Services.

### 20 Other leasing information

**Lessee**

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2022	2021
	£	£
Expense relating to short-term leases	-	12,889

Information relating to lease liabilities is included in note 14.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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### 21 Capital risk management

The company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued operations. The company considers its capital to comprise equity capital plus accumulated profits.

The company is not subject to any externally imposed capital requirements.

### 22 Events after the reporting date

On 21 February 2022, the Company was acquired by Kanabo Group Plc ("Kanabo").

It has been agreed as part of the acquisition that the principal and interest owed as at completion by the company to MEIF WM Debt LP (£1,444,427) will be repayable by Kanabo by the allotment of additional 12,574,931 ordinary shares of Kanabo Group Plc within 18 months based on the same price of 12.65p per share.

The Buyer, or a member of its Group, as part of the acquisition agreed to advance to the Company as a working capital loan: i) £500,000 within six business days of the Completion Date; ii) a further £500,000 by the date falling six months after the Completion Date and iii) £1,000,000 by the date falling eighteen months after the Completion Date. Since the year end, the two £500,000 loans have been made to the Company.

Atul Devani and Suleman Sacranie each exercised options in respect of 196,547 A ordinary shares in the capital of the Company on 16th February, 2022

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.

Company Registration No. 09359853 (England and Wales)

**THE GP SERVICE (UK) LTD**  
**REVISED ANNUAL REPORT AND REVISED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2021**

Amending:

- The revised accounts replace the original accounts;
- They are now the statutory accounts;
- They have been prepared as at the date of the original accounts, and not as at the date of the revision and accordingly do not deal with events between those dates;



# THE GP SERVICE (UK) LTD

## COMPANY INFORMATION

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**Directors**

Z S Ahmed  
Dr J A Barber  
A S Devani  
S Panu  
S Sacranie

**Company number**

09359853

**Registered office**

Coventry University Technology Park  
The Technocentre  
Puma Way  
Coventry  
West Midlands  
United Kingdom  
CV1 2TT

**Accountants**

Naked Accounting ICAEW/ICPA  
1a Latimer Street  
Leicester  
United Kingdom  
LE3 0QF

**Auditor**

Azets Audit Services  
2nd Floor  
Regis House  
45 King William Street  
London  
United Kingdom  
EC4R 9AN

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# THE GP SERVICE (UK) LTD

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# THE GP SERVICE (UK) LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JANUARY 2021

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The directors present their revised annual report and revised financial statements for the year ended 31 January 2021.

These financial statements replace the previous statements signed by the members on 10 June 2021 and are now the statutory financial statements for the year ended 31 January 2021.

#### Principal activities

The principal activity of the company continued to be that of IT Development, creating a leading-edge medical and prescriptions platform.

#### Results and dividends

The results for the year are set out on page 6.

The company's existing investors have provided confirmation at the time of the directors' approval of these financial statements, that in the absence of any new investors' financial inputs the existing investors will both finance working capital needs and reschedule repayment dates of existing loan finance.

Thus the directors have a reasonable expectation that the company has access to adequate resources and continue to adopt the going concern basis of accounting in preparing the financial statements.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Z S Ahmed  
Dr J A Barber  
A S Devani  
S Panu  
S Sacranie  
J F Berry

(Resigned 10 May 2020)

# THE GP SERVICE (UK) LTD

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



.....  
A S Devani  
Director

Date: .....9th November, 2021

# THE GP SERVICE (UK) LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE GP SERVICE (UK) LTD

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#### Opinion

We have audited the revised financial statements of The GP Service (UK) Ltd (the 'company') for the year ended 31 January 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the revised financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

#### Material uncertainty relating to going concern

We draw attention to Note 1.2 in the financial statements, which indicates that the company is reliant on support from existing investors including additional financial support to remain in business. This indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# THE GP SERVICE (UK) LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF THE GP SERVICE (UK) LTD

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### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# THE GP SERVICE (UK) LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE GP SERVICE (UK) LTD

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

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

*Azets Audit Services*

**Nicholas Parrett (Senior Statutory Auditor)**  
For and on behalf of Azets Audit Services

10 November 2021  
.....

**Chartered Accountants**  
**Statutory Auditor**

2nd Floor  
Regis House  
45 King William Street  
London  
United Kingdom  
EC4R 9AN

# THE GP SERVICE (UK) LTD

## INCOME STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2021

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		Year ended 31 January 2021	Year ended 31 January 2020 as restated
	Notes	£	£
Revenue	4	443,150	173,442
Cost of sales		(292,169)	(298,706)
<b>Gross profit/(loss)</b>		<u>150,981</u>	<u>(125,264)</u>
Other operating income		11,078	-
Administrative expenses		(1,028,612)	(1,047,622)
<b>Operating loss</b>	5	<u>(866,553)</u>	<u>(1,172,886)</u>
Finance costs	8	(328,798)	(291,998)
<b>Loss before taxation</b>		<u>(1,195,351)</u>	<u>(1,464,884)</u>
Income tax income	9	90,775	60,300
<b>Loss and total comprehensive income for the year</b>		<u><u>(1,104,576)</u></u>	<u><u>(1,404,584)</u></u>

# THE GP SERVICE (UK) LTD

## STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2021

	Notes	2021 £	2020 as restated £
<b>Non-current assets</b>			
Intangible assets	10	121,508	124,927
Property, plant and equipment	11	14,944	32,025
		<u>136,452</u>	<u>156,952</u>
<b>Current assets</b>			
Trade and other receivables	12	57,527	54,750
Current tax recoverable		79,906	63,197
Cash and cash equivalents		883,379	218,057
		<u>1,020,812</u>	<u>336,004</u>
<b>Current liabilities</b>			
Trade and other payables	18	197,673	156,529
Borrowings	14	1,207,822	2,387
Lease liabilities	19	4,236	5,352
		<u>1,409,731</u>	<u>164,268</u>
<b>Net current (liabilities)/assets</b>		<u>(388,919)</u>	<u>171,736</u>
<b>Non-current liabilities</b>			
Borrowings	14	1,793,594	2,180,737
Deferred tax liabilities	20	-	10,869
		<u>1,793,594</u>	<u>2,191,606</u>
<b>Net liabilities</b>		<u>(2,046,061)</u>	<u>(1,862,918)</u>
<b>Equity</b>			
Called up share capital	23	1,344	2,358
Share premium account	24	3,783,194	2,874,814
Retained earnings		(5,830,599)	(4,740,090)
<b>Total equity</b>		<u>(2,046,061)</u>	<u>(1,862,918)</u>

The revised financial statements were approved by the board of directors and authorised for issue on 9th November, 2021 and are signed on its behalf by:



A S Devani  
Director

Company Registration No. 09359853

# THE GP SERVICE (UK) LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
<b>As restated for the period ended 31 January 2020:</b>					
<b>Balance at 1 February 2019</b>		1,687	2,874,814	(3,473,410)	(596,909)
Transition adjustments		-	-	160,830	160,830
Prior period adjustment		-	-	(22,926)	(22,926)
<b>As restated</b>		<u>1,687</u>	<u>2,874,814</u>	<u>(3,335,506)</u>	<u>(459,005)</u>
<b>Year ended 31 January 2020:</b>					
Loss and total comprehensive income for the year		-	-	(1,404,584)	(1,404,584)
Issue of share capital	23	671	-	-	671
<b>Balance at 31 January 2020</b>		<u>2,358</u>	<u>2,874,814</u>	<u>(4,740,090)</u>	<u>(1,862,918)</u>
<b>Period ended 31 January 2021:</b>					
Loss and total comprehensive income for the period		-	-	(1,104,576)	(1,104,576)
Issue of share capital	23	3	907,737	-	907,740
Credit to equity for equity settled share-based payments	22	-	-	13,693	13,693
Reduction in shares	23	(1,017)	643	374	-
<b>Balance at 31 January 2021</b>		<u>1,344</u>	<u>3,783,194</u>	<u>(5,830,599)</u>	<u>(2,046,061)</u>



# THE GP SERVICE (UK) LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021		2020 as restated	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	28		(550,338)		(857,145)
Interest paid			(51,617)		(39,156)
Tax refunded			63,197		127,246
			<u>          </u>		<u>          </u>
<b>Net cash outflow from operating activities</b>			<b>(538,758)</b>		<b>(769,055)</b>
<b>Investing activities</b>					
Purchase of intangible assets		(239,597)		(213,952)	
Purchase of property, plant and equipment		(4,058)		(4,116)	
		<u>          </u>		<u>          </u>	
<b>Net cash used in investing activities</b>			<b>(243,655)</b>		<b>(218,068)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		907,740		671	
Repayment of debentures		43,498		47,109	
Proceeds of new bank loans		500,000		-	
Payment of lease liabilities		(1,116)		(10,271)	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from financing activities</b>			<b>1,450,122</b>		<b>37,509</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>667,709</b>		<b>(949,614)</b>
Cash and cash equivalents at beginning of year			215,670		1,165,284
			<u>          </u>		<u>          </u>
Cash and cash equivalents at end of year			<b>883,379</b>		<b>215,670</b>
			<u>          </u>		<u>          </u>
<b>Relating to:</b>					
Bank balances and short term deposits			883,379		218,057
Bank overdrafts			-		(2,387)
			<u>          </u>		<u>          </u>

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2021

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#### 1 Accounting policies

##### Company information

The GP Service (UK) Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Coventry University Technology Park, The Technocentre, Puma Way, Coventry, West Midlands, United Kingdom, CV1 2TT. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 January 2021 are the first financial statements of the company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB),

For periods up to and including the year ended 31 January 2020, the company prepared its financial statements in accordance with FRS 102. Accordingly, the company has prepared financial statements that comply with IFRS applicable as at 31 January 2021, together with the comparative period data for the year ended 31 January 2020. In preparing these financial statements, the company's opening statement of financial position was prepared as at 1 February 2019, the company's date of transition to IFRS.

As a result of the transition, the company has capitalised expenditure that related to development of the medical and prescriptions platform. These costs have been recognised as intangible assets in these financial statements and are being amortised at 67% per annum on a reducing basis. As a result of this adjustment, there has been changes to the previously reported equity and losses as stated in note 30.

##### 1.2 Going concern

The company's existing investors have provided confirmation at the time of the directors' approval of these financial statements, that in the absence of any new investors' financial inputs the existing investors will both finance working capital needs and reschedule repayment dates of existing loan finance.

Thus the directors have a reasonable expectation that the company has access to adequate resources and continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Revenue

The company is in the business of providing online medical services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a service to a customer.

##### 1.4 Intangible assets other than goodwill

Intangible assets comprise the costs incurred in the development of the medical and prescriptions platform. The asset is defined as having finite useful life and the costs are amortised at 67% per annum on a reducing basis. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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### 1 Accounting policies

(Continued)

#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers	33% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company 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 it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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### 1 Accounting policies

(Continued)

#### **Financial assets held at amortised cost**

Financial instruments are classified as financial assets measured at amortised cost 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 arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

### 1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

#### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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### 1 Accounting policies

(Continued)

#### **Current tax**

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

#### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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### 1 Accounting policies

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

#### 1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 1 Accounting policies (Continued)

#### 1.16 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

### 2 Adoption of new and revised standards and changes in accounting policies

#### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- Amendment to IFRS 16 Leases - COVID-19 related rent concessions (effective 1 June 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform (effective 1 January 2021)
- Amendments to IAS 1 Presentation of financial statements - Classification of liabilities (effective 1 January 2022)
- Narrow scope amendments to IFRS 3, IAS 16, IAS 17 and annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective 1 January 2022)

The directors have considered the amendments above and do not believe there will be a significant impact on the company's financial statements when they are adopted.

### 3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be any estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

### 4 Revenue

	2021	2020
	£	£
<b>Revenue analysed by class of business</b>		
Online medical services	443,150	173,442
	<u>          </u>	<u>          </u>
	2021	2020
	£	£
<b>Other significant revenue</b>		
Grants received	11,078	-
	<u>          </u>	<u>          </u>

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 4 Revenue (Continued)

All revenue has originated in the United Kingdom.

Income from grants represents amounts receivable from a small business grant fund and the COVID Business Interruption Loans scheme (CBILS).

### 5 Operating loss

	2021	2020
	£	£
Operating loss for the period is stated after charging/(crediting):		
Government grants	(11,078)	-
Fees payable to the company's auditor for the audit of the company's financial statements	9,500	-
Depreciation of property, plant and equipment	21,139	19,393
Amortisation of intangible assets	243,016	249,855
Share-based payments	13,693	-
	<u>          </u>	<u>          </u>

Income from Government grants represents amounts receivable from a small business grant fund and the COVID Business Interruption Loans scheme (CBILS).

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Admin staff	10	14
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	188,575	240,330
Social security costs	22,722	37,663
Pension costs	3,355	939
	<u>          </u>	<u>          </u>
	214,652	278,932
	<u>          </u>	<u>          </u>



# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	136,950	55,208
Company pension contributions to defined contribution schemes	3,355	(179)
	<u>140,305</u>	<u>55,029</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

During the recent phase of growth, the directors and key staff have been paid less than full salary amounts, to support the company. The company is in the process of active funding rounds, and it is anticipated that these salaries will be made up once the full funding is in place.

### 8 Finance costs

	2021 £	2020 £
Interest on bank overdrafts and loans	1,078	-
Interest on lease liabilities	6,129	13,943
Other interest payable	321,591	278,055
	<u>328,798</u>	<u>291,998</u>

### 9 Income tax expense

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>(90,775)</u>	<u>(60,300)</u>

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 9 Income tax expense (Continued)

	2021	2020
	£	£

The charge for the year can be reconciled to the loss per the income statement as follows:

	2021	2020
	£	£
Loss before taxation	(1,195,351)	(1,464,884)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(227,117)	(278,328)
Effect of expenses not deductible in determining taxable profit	46,177	47,789
Unutilised tax losses carried forward	131,192	197,501
Adjustment in respect of prior years	-	2,897
Permanent capital allowances in excess of depreciation	(6,645)	3,110
Research and development tax credit	(34,382)	(33,269)
<b>Taxation credit for the period</b>	<b>(90,775)</b>	<b>(60,300)</b>

### 10 Intangible assets

	Development costs
	£
<b>Cost</b>	
At 1 February 2019	671,634
Additions	213,952
At 31 January 2020	885,586
Additions - internally generated	239,597
At 31 January 2021	1,125,183
<b>Amortisation and impairment</b>	
At 1 February 2019	510,804
Charge for the year	249,855
At 31 January 2020	760,659
Charge for the year	243,016
At 31 January 2021	1,003,675
<b>Carrying amount</b>	
At 31 January 2021	121,508
At 31 January 2020	124,927

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

### 11 Property, plant and equipment

	Computers £
<b>Cost</b>	
At 1 February 2019	83,754
Additions	4,116
	<hr/>
At 31 January 2020	87,870
Additions	4,058
	<hr/>
At 31 January 2021	91,928
	<hr/>
<b>Accumulated depreciation and impairment</b>	
At 1 February 2019	36,452
Charge for the year	19,393
	<hr/>
At 31 January 2020	55,845
Charge for the year	21,139
	<hr/>
At 31 January 2021	76,984
	<hr/>
<b>Carrying amount</b>	
At 31 January 2021	14,944
	<hr/> <hr/>
At 31 January 2020	32,025
	<hr/> <hr/>
At 31 January 2019	47,302
	<hr/> <hr/>

### 12 Trade and other receivables

	2021 £	2020 £
Trade receivables	13,670	25,032
VAT recoverable	-	932
Other receivables	2,182	-
Prepayments	41,675	28,786
	<hr/>	<hr/>
	57,527	54,750
	<hr/> <hr/>	<hr/> <hr/>

### 13 Trade receivables - credit risk

#### Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 14 Borrowings

	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
<b>Borrowings held at amortised cost:</b>				
Bank overdrafts	-	2,387	-	-
Bank loans	-	-	500,000	-
Debentures	1,207,822	-	-	1,022,225
MEIF Debentures	-	-	1,293,594	1,158,512
	<u>1,207,822</u>	<u>2,387</u>	<u>1,793,594</u>	<u>2,180,737</u>

Bank loans represent a Coronavirus Business Interruption Loan Scheme (CBILS), repayable by instalments over a 3 year period commencing March 2022.

MEIF Debenture Loan of £1,293,594 (2020: £1,158,512), including accrued interest, is interest bearing at 10%pa and is repayable, other than by instalments, in 2023. The loan is secured by a first fixed and floating charge on the company's assets and undertaking.

Debenture loans of £1,207,882, (2020: £1,022,225) , including accrued interest, are interest bearing at 14% pa, and are repayable, in April 2021. The debenture loan is secured by fixed and floating charges on the company's assets and undertaking.

### 15 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 16 Liquidity risk

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	Less than 1 month £	1 – 5 years £	Total £
<b>At 31 January 2020</b>			
Debentures	-	1,022,225	1,022,225
MEIF Debentures	-	1,111,403	1,111,403
	<u>-</u>	<u>2,133,628</u>	<u>2,133,628</u>
<b>At 31 January 2021</b>			
Bank overdrafts	2,387	-	2,387
Accruals	-	500,000	500,000
Debentures	-	1,207,822	1,207,822
MEIF Debentures	-	1,202,987	1,202,987
	<u>2,387</u>	<u>2,910,809</u>	<u>2,913,196</u>

Additional details of the bank loans, Debentures and MEIF Debentures can be found in Note 13.

#### Liquidity risk management

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

### 17 Market risk

#### Market risk management

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

The company only trades in sterling and is not exposed to foreign exchange risk.

The company does not hold any investments in other companies or marketable securities and so is not exposed to other price risk.

#### Interest rate risk

The company has bank overdrafts, bank loans, debenture loans and MEIF debenture loans which all incur interest. The company manages the interest rate risk by limiting its exposure to floating interest rates. The company currently has fixed interest rates on all its borrowings, except for the bank overdraft which is floating. The exposure is minimal and the company looks to avoid using its overdraft where possible.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 18 Trade and other payables

	2021	2020
	£	£
Trade payables	131,037	133,657
Accruals	44,730	15,136
Social security and other taxation	15,245	5,374
Other payables	6,661	2,362
	<u>197,673</u>	<u>156,529</u>

### 19 Lease liabilities

	2021	2020
Maturity analysis	£	£
Within one year	<u>5,036</u>	<u>5,352</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£	£
Current liabilities	<u>4,236</u>	<u>5,352</u>

	2021	2020
Amounts recognised in profit or loss include the following:	£	£
Interest on lease liabilities	<u>6,129</u>	<u>13,943</u>

Other leasing information is included in note 25.

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £
Deferred tax liability at 1 February 2019	10,869
Deferred tax liability at 1 February 2020	10,869
<b>Deferred tax movements in current year</b>	
Credit to profit or loss	(10,869)
Deferred tax liability at 31 January 2021	-

### 21 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £3,355 (2020 - £939).

### 22 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2021	2020	2021 £	2020 £
Outstanding at 1 February 2020	-	-	-	-
Granted in the period	5,345,220	-	0.03	-
Outstanding at 31 January 2021	5,345,220	-	0.03	-
Exercisable at 31 January 2021	-	-	-	-

The options outstanding at 31 January 2021 had an exercise price of £0.026. The options are exercisable upon sale or IPO of the business.

#### Expenses

Related to equity settled share based payments	13,693	-
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# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 23 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
A Ordinary shares of 0.01p each	11,283,310	15,027,299	1,129	2,146
B Ordinary shares of 0.0001p each	14,756,588	14,756,588	15	15
C Ordinary shares of 0.01p each	1,966,000	1,966,000	197	197
D Ordinary shares of 0.0001p each	2,596,987	-	3	-
	<u>30,602,885</u>	<u>31,749,887</u>	<u>1,344</u>	<u>2,358</u>

### 24 Share premium account

	2021 £	2020 £
At the beginning of the year	2,874,814	2,874,814
Issue of new shares	907,737	-
Share capital reduction	643	-
At the end of the year	<u>3,783,194</u>	<u>2,874,814</u>

### 25 Other leasing information

#### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2021 £	2020 £
Expense relating to short-term leases	<u>12,889</u>	<u>20,764</u>

Information relating to lease liabilities is included in note 19.

### 26 Capital risk management

The company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued operations. The company considers its capital to comprise equity capital plus accumulated profits.

The company is not subject to any externally imposed capital requirements.

### 27 Events after the reporting date

Since the year end, the repayment terms of the MEIF and CBILS loans have been renegotiated. The repayments of capital and interest being deferred until June 2022. The interest payments that were payable up to and including March 2022, have been deferred until final loan maturity, in September 2023. The totals to be paid were unchanged by the renegotiation.



# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 28 Cash absorbed by operations

	2021 £	2020 £
Loss for the year after tax	(1,104,576)	(1,404,584)
<b>Adjustments for:</b>		
Taxation credited	(90,775)	(60,300)
Finance costs	328,798	291,998
Amortisation and impairment of intangible assets	243,016	249,855
Depreciation and impairment of property, plant and equipment	21,139	19,393
Equity settled share based payment expense	13,693	-
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	(2,777)	17,393
Increase in trade and other payables	41,144	29,100
<b>Cash absorbed by operations</b>	<u>(550,338)</u>	<u>(857,145)</u>

### 29 Prior period adjustment

#### Reconciliation of changes in equity

	1 February 2019 £	31 January 2020 £
<b>Notes</b>		
Equity as previously reported	(596,909)	(1,892,886)
<b>Adjustments to prior year</b>		
Correction to share capital	-	(671)
Correction to treatment of loans	(22,926)	(94,288)
Equity as adjusted before transition adjustments	<u>(619,835)</u>	<u>(1,987,845)</u>

#### Reconciliation of changes in loss for the previous financial period

	2020 £
<b>Notes</b>	
Loss as previously reported	(1,296,648)
<b>Adjustments to prior year</b>	
Correction to share capital	(671)
Correction to treatment of loans	(71,362)
Loss as adjusted before transition adjustments	<u>(1,368,681)</u>

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

### 29 Prior period adjustment

(Continued)

#### Notes to reconciliation

The prior year results have been restated to correct the value of share capital shown as at 31 March 2020, which increased from £1,687 to £2,358. This restatement has resulted in a reduction in the profit and loss account reserve of £671.

#### Loan value adjustment

The prior year results have been restated to correct the value of loan balances shown as at 31 March 2020 and 1 April 2019, which increased from £2,086,449 to £2,180,737. This restatement has resulted in a reduction in the profit and loss account reserve of £94,288.

### 30 Transition adjustments

These financial statements for the year ended 31 January 2021 are the first financial statements of the company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

For periods up to and including the year ended 31 January 2020, the company prepared its financial statements in accordance with FRS 102. Accordingly, the company has prepared financial statements that comply with IFRS applicable as at 31 January 2021, together with the comparative period data for the year ended 31 January 2020. In preparing these financial statements, the company's opening statement of financial position was prepared as at 1 February 2019, the company's date of transition to IFRS.

As a result of the transition, the company has capitalised expenditure that related to development of the medical and prescriptions platform. These costs have been recognised as intangible assets in these financial statements and are being amortised at 67% per annum on a reducing basis. As a result of this adjustment, there has been changes to the previously reported equity and losses as stated below.

#### Reconciliation of equity

	1 February 2019	31 January 2020
Notes	£	£
Equity as previously reported	(596,909)	(1,892,886)
Adjustments to prior year (note 29)	(22,926)	(94,959)
As restated	(619,835)	(1,987,845)
Adjustments arising from transition:		
Capitalisation of development costs	671,634	885,586
Amortisation of development costs	(510,804)	(760,659)
Equity as restated	(459,005)	(1,862,918)

# THE GP SERVICE (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

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<b>30 Transition adjustments</b>	<b>(Continued)</b>
<b>Reconciliation of loss for the financial period</b>	
	<b>2020</b>
	<b>£</b>
	<b>Notes</b>
Loss as previously reported	(1,296,648)
Adjustments to prior year (note 29)	(72,033)
	<hr/>
As restated	(1,368,681)
Adjustments arising from transition:	
Capitalisation of development costs	213,952
Amortisation of development costs	(249,855)
	<hr/>
Loss as restated	(1,404,584)
	<hr/> <hr/>

# THE GP SERVICE (UK) LTD

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2021

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		Year ended 31 January 2021		Year ended 31 January 2020
	£	£	£	£
<b>Revenue</b>				
Sales		443,150		173,442
<b>Cost of sales</b>				
Direct costs	292,169		298,706	
		<u>(292,169)</u>		<u>(298,706)</u>
<b>Gross profit/(loss)</b>		150,981		(125,264)
<b>Other operating income</b>				
CBILs grant income	1,078		-	
Small business grant fund	10,000		-	
		<u>11,078</u>		<u>-</u>
<b>Administrative expenses</b>		(1,028,612)		(1,047,622)
<b>Operating loss</b>		<u>(866,553)</u>		<u>(1,172,886)</u>
<b>Finance costs</b>				
Bank interest on loans and overdrafts	1,078		-	
Hire purchase interest payable	6,129		13,943	
Other interest payable	321,591		278,055	
		<u>(328,798)</u>		<u>(291,998)</u>
<b>Loss before taxation</b>		<u><u>(1,195,351)</u></u>		<u><u>(1,464,884)</u></u>

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# THE GP SERVICE (UK) LTD

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 JANUARY 2021

	Year ended 31 January 2021 £	Year ended 31 January 2020 £
<b>Administrative expenses</b>		
Wages and salaries	123,539	182,521
Social security costs	8,829	41,103
Staff recruitment costs	193	2,988
Staff training	500	663
Staff pension costs defined contribution	-	1,118
Staff entertaining	348	2,601
Equity settled share based payment costs	13,693	-
Directors' remuneration	50,995	55,208
Directors' social security costs	13,893	(3,440)
Directors' pension costs - defined contribution scheme	3,355	(179)
Rent re operating leases	12,889	20,764
Property repairs and maintenance	55	50
Computer running costs	45,118	58,690
Motor running expenses	2,295	22,051
Travelling expenses	7,323	30,369
Professional subscriptions	397	1,852
Technical developer contractors	60,321	49,161
Legal and professional fees	169,280	105,439
Consultancy fees	7,807	2,315
Accountancy	30,128	32,930
Audit fees	9,500	-
Bank charges	7,485	2,197
Bad and doubtful debts	1,488	2,602
Irrecoverable VAT	38,788	40,478
Insurances (not premises)	35,518	37,103
Printing and stationery	2,159	2,685
Advertising	113,342	76,517
Telecommunications	3,821	8,903
Entertaining	22	997
Sundry expenses	1,376	688
Amortisation	243,016	249,855
Depreciation	21,139	19,393
	<u>1,028,612</u>	<u>1,047,622</u>

**THE GP SERVICE (UK) LTD  
UNAUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2020**

Naked Accounting

ICAEW / ICPA

1a Latimer Street  
Leicester  
LE3 0QF

**The GP Service (UK) Ltd**  
**Unaudited Financial Statements**  
**For The Year Ended 31 January 2020**

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**The GP Service (UK) Ltd**  
**Balance Sheet**  
**As at 31 January 2020**

Registered number: 09359853

		<b>2020</b>		<b>2019</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>					
Tangible Assets	<b>3</b>		32,025		47,302
			<u>32,025</u>		<u>47,302</u>
<b>CURRENT ASSETS</b>					
Debtors	<b>4</b>	117,947		202,286	
Cash at bank and in hand		<u>218,057</u>		<u>1,165,284</u>	
		336,004		1,367,570	
<b>Creditors: Amounts Falling Due Within One Year</b>	<b>5</b>		<u>(164,268 )</u>		<u>(113,926 )</u>
			171,736		1,253,644
<b>NET CURRENT ASSETS (LIABILITIES)</b>			<u>171,736</u>		<u>1,253,644</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>203,761</u>		<u>1,300,946</u>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	<b>6</b>		<u>(2,086,449 )</u>		<u>(1,886,986 )</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred Taxation			<u>(10,869 )</u>		<u>(10,869 )</u>
<b>NET LIABILITIES</b>			<u>(1,893,557 )</u>		<u>(596,909 )</u>
<b>CAPITAL AND RESERVES</b>					
Called up Share Capital	<b>8</b>		1,687		1,687
Share Premium Account			2,874,814		2,874,814
Profit and Loss Account			<u>(4,770,058 )</u>		<u>(3,473,410 )</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(1,893,557)</u>		<u>(596,909)</u>



**The GP Service (UK) Ltd**  
**Balance Sheet (continued)**  
**As at 31 January 2020**

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For the year ending 31 January 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

**Directors' responsibilities:**

- The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.
- The company has taken advantage of section 444(1) of the Companies Act 2006 and opted not to deliver to the registrar a copy of the company's Profit and Loss Account.

On behalf of the board

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**Mr Atul Devani**

Director

**30 March 2020**

The notes on pages 3 to 6 form part of these financial statements.

**The GP Service (UK) Ltd**  
**Notes to the Financial Statements**  
**For The Year Ended 31 January 2020**

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**1. Accounting Policies**

**1.1. Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

**1.2. Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

**Sale of goods**

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

**Rendering of services**

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

**1.3. Tangible Fixed Assets and Depreciation**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer Equipment	33% Straight Line
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**1.4. Leasing and Hire Purchase Contracts**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired under hire purchase contracts are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in the creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period. Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

**The GP Service (UK) Ltd**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 January 2020**

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**1.5. Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other year and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. The measurement of deferred tax liabilities and asset reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**2. Average Number of Employees**

Average number of employees, including directors, during the year was as follows: 12 (2019: 14). 14 (2018: 14)

**3. Tangible Assets**

	<b>Computer Equipment</b>
	<b>£</b>
<b>Cost</b>	
As at 1 February 2019	83,754
Additions	4,116
As at 31 January 2020	87,870
<b>Depreciation</b>	
As at 1 February 2019	36,452
Provided during the period	19,393
As at 31 January 2020	55,845
<b>Net Book Value</b>	
As at 31 January 2020	32,025
As at 1 February 2019	47,302

**The GP Service (UK) Ltd**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 January 2020**

**4. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	25,032	19,727
Prepayments and accrued income	28,786	34,219
Corporation tax recoverable assets	63,197	130,143
VAT	932	18,197
	<u>117,947</u>	<u>202,286</u>

**5. Creditors: Amounts Falling Due Within One Year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Net obligations under finance lease and hire purchase contracts	5,352	9,423
Trade creditors	133,657	57,628
Bank loans and overdrafts	2,387	-
Other taxes and social security	5,374	17,089
Net wages	-	2,830
Other creditors	2,362	4,105
Accruals and deferred income	15,136	22,851
	<u>164,268</u>	<u>113,926</u>

**6. Creditors: Amounts Falling Due After More Than One Year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Net obligations under finance lease and hire purchase contracts	-	6,200
Debenture Loans (Long term liabilities - creditors > 1 year)	966,334	861,334
MEIF Debenture Loan	1,120,115	1,019,452
	<u>2,086,449</u>	<u>1,886,986</u>

Creditors include:

MEIF Debenture Loan of £1,120,115 (2018: £1,019,452), including accrued interest, is interest bearing at 10%pa and is repayable, other than by instalments, in 2023. The loan is secured by a first fixed and floating charge on the company's assets and undertaking.

Debenture loans of £966,334 (2018: £861,334) , including accrued interest, are interest bearing at 14%pa, and are repayable, other than by instalments, in 2021. The debenture loan is secured by fixed and floating charges on the company's assets and undertaking.

**The GP Service (UK) Ltd**  
**Notes to the Financial Statements (continued)**  
**For The Year Ended 31 January 2020**

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**7. Obligations Under Finance Leases and Hire Purchase**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
The maturity of these amounts is as follows:		
Amounts Payable:		
Within one year	5,352	9,423
Between one and five years	-	6,200
	5,352	15,623
	5,352	15,623

**8. Share Capital**

	<b>2020</b>	<b>2019</b>
Allotted, Called up and fully paid	1,687	1,687
	1,687	1,687

**9. General Information**

The GP Service (UK) Ltd is a private company, limited by shares, incorporated in England & Wales, registered number 09359853. The registered office is Coventry University Technology Park, The TechnoCentre, Puma Way, Coventry, CV1 2TT.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.