REGISTRATION NUMBER: 11797850

LOVE HEMP GROUP PLC
(formerly WORLD HIGH LIFE PLC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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COMPANY INFORMATION

Directors	Antonio Calamita (Chief Executive Officer) – appointed 2 February 2021 James Ward (Non-Executive Director) – appointed 9 August 2021 Andrew Male (Executive Director)
Company Secretary	Westend Corporate LLP
Registered Office	Suite 1 15 Ingestre Place London W1F 0DU
Company Number	11797850
Corporate Advisor	Peterhouse Capital Limited 80 Cheapside London EC2V 6EE
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW

CHAIRMANS REPORT

Chairman's Statement

I am pleased to be reflecting on a transformational year for Love Hemp Group, and one in which we have managed to build an effective platform for the group to enter the next phase of its growth.

With a new team, strong revenue, a growing customer base and significant brand partnerships the focus for the current financial year is realising the investment in these assets.

Progress in a challenging year

Our financial year commenced on 1 July 2020, as the effects of the global Covid-19 pandemic began to be most severely felt. Despite this, we delivered strong revenue growth that reflects our resilience during what has been an incredibly difficult and uncertain time.

The last financial year has also seen an impressive amount of corporate activity, resulting in major changes for LHG and its shareholders. Our core objective in the year under review has been to establish a strong foundation that Love Hemp can work from for many years.

Continuing to build a company, brand, product and investment thesis during the first genuinely global pandemic of our lifetime was challenging to say the least. Many of the decisions and discussions undertaken at the Board and management level were ones that none of us had ever seen before, let alone contemplated.

The challenges posed by the pandemic sharpened our focus on what has made Love Hemp successful to date: pursuing a business strategy with a strong central thesis, strong products, exceptional staff and effective consumer engagement. We have continued to build on the clear investment opportunity that has underpinned our success to date.

Of particular note is the completion of the Love Hemp acquisition and the resulting official name change, from World High Life to Love Hemp Group. This aligns the corporate entity with an impressive brand synonymous with quality and efficacy.

As we completed this vital work in November 2020, LHG was provided with a clear pathway to building value through increased sales, leveraging its marketing investments and growing its presence and reputation in capital markets.

In line with the experiences of many other companies, we have experienced some unavoidable delays due to the pandemic, the effects of which are continuing to have some impact on the business now. These included delays in financing in mid 2020, delays to our ability to affect changes in our executive management, the ability to effectively engage with the London capital market, and some delays to our work to create a more robust corporate structure.

Some delays to our marketing activity have persisted, as have Covid-related impediments to our move to list on the LSE's main market. However, it remains our objective to move to the Standard List of the London Stock Exchange.

However, we remain confident in our ability to manage these challenges, and that Love Hemp is now ideally positioned to take advantage of the compelling market opportunities we have identified going forward.

Creating Corporate Capability

With work to build the brand gaining momentum, we have also built Love Hemp's management depth and operational capabilities.

Key to this has been the appointment of Tony Calamita as CEO of Love Hemp Group, and the further enhancements we have made to the executive management team with senior hires in marketing, operations and finance.

Love Hemp Group also completed two fundraises in April 2021 which were well received by new and existing shareholders and raised a total of around £7 million. We also retired a considerable amount of convertible loan note debt which was used initially to finance the listed company as well as financings that saw the company raise over £10 million.

Earlier in the year, we also announced the Company's intention to move to the main market of the LSE. We believe that having access to the Main Market will greatly benefit our shareholders by building the brand's public profile and improving liquidity and access to the capital markets.

CHAIRMANS REPORT

We have also outlined clear initiatives which will support our growth and enable us to realise the potential we have already seen in Love Hemp. These include dramatically increasing our production capacity when we complete our move into new facilities in South London, enabling a much more cohesive operation; completing the rebranding of the product line and the initiation of new product offerings.

We are also growing the revenue base by advancing work on our digital footprint and ecommerce capabilities; actualising the growth we have seen across the new markets that we have entered; building on the marketing strategies we have invested in and beginning to measure the success of our marketing initiatives in greater depth.

We have, through Tony's direction as the CEOm taken the time to build an effective corporate culture, as we see this as key to the successful delivery of the strategy. Building a company ethos that resonates with people across all walks of life is something that will differentiate Love Hemp as an employer of choice, helping us to attract, retain and develop leading talent.

Building the Love Hemp Brand

A major focus has remained on ramping up the company's marketing in order to promote our product ranges to a wider audience. We continue to build out our marketing initiatives and invest in growing sales across all channels, including in our network of bricks and mortar retailers and online via our website.

In the year under review, we saw increased sales in retailers where our products are sold, including Boots and Holland & Barret, alongside the strong sales generated via our online platform. There was a strong increase in group revenue of 156%, having incorporated a full year's trading of the group's main subsidiary within the period which highlights the Company's growing reputation as an industry leader.

One of the company's landmark marketing achievements was the endorsement agreement with two-time Heavyweight Champion of the World and Olympic Gold medallist Anthony Joshua OBE. As part of the three-year agreement, Anthony will commit to becoming an ambassador for the Love Hemp brand, and a key voice promoting the company's wellness offering. In the longer term, the collaboration will collaborate on a range of CBD products for athletes, championing our work to position CBD as an internationally recognised, certified product category for athletes.

The brand also re-signed UFC Heavyweight Champion Kamaru Usman as an ambassador and secured an exclusive global partnership agreement with the UFC itself. UFC is the world's largest Pay-Per-View platform and a rapidly growing sport with a global following. The travel restrictions imposed by the Covid-19 pandemic impacted our ability to use our UFC partnership to its full potential but, plans are underway for new launches in 2022.

Outlook

I am incredibly proud of the team, whose dedication has been vital to the success of the business, despite the global uncertainty and challenges Covid-19 has presented us. I would like to thank Tony and the rest of our team for their continued hard work and desire to grow the brand and strengthen the business.

While the business has shown good growth to date, it is important that we build momentum and secure our position as a global leader in CBD wellness products. During the current financial year our priorities are to: reposition products in line with consumer use cases; move away from continual discounting in order to focus on value; invest and brand building; invest in data-driven digital marketing and new product development.

Many of these initiatives are already underway, most notably the launch of our first national media campaign starring Anthony Joshua in November which will run for four weeks. The campaign includes a 30-second television advert airing on linear television on ITV, video on-demand platforms including ITV Hub, All 4 and Sky, as well as print media adverts in Metro nationwide, and multiple outdoor advertising formats in London, Manchester, Liverpool, and the North East. This marks a major milestone in the Company's journey. Supported by a major British role model, we believe this mainstream media campaign brings CBD to the forefront of the health and wellness industry.

I would like to thank our shareholders for their continued support. The impacts of COVID whilst adapting the Love Hemp business into a listed entity has resulted in unprecedented challenges but, I am confident that we will be able to grow the business sustainably and ensure strong returns for current and future investors. In a rapidly growing market for cannabis-related products, the opportunity that Love Hemp offers as an established, sustainable, reputable and most importantly, revenue generating CBD company has never been clearer.

Andrew Male
Executive Chairman
12 December 2021

STRATEGIC REPORT

The Directors of the Company present their Strategic Report on the Group for the year ended 30 June 2021.

Strategic approach

The Group's aim is to create value for shareholders through expanding its operations within the hemp and CBD industries and progressing the Love Hemp brand. The Group's strategy is to continue to progress the development of Love Hemp Limited whilst also monitoring the wider CBD wellness market for opportunities.

Organisation overview

The Group's business is directed by the Board and is managed on a day-to-day basis by the Chief Executive Officer. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and periodic operational reviews.

The Board comprises of two Executive Directors and one Non-Executive Director. The Group intends on expanding the Board with additional Non-Exectuive Directors in the near future.

Review of business

Love Hemp Group Plc is a holding company for Love Hemp Limited and has a strategic focus to invest in and operate in the CBD wellness industry.

Love Hemp Group was established to take advantage of significant opportunities available in the UK and European regulated cannabis industry, which is anticipated to be the largest in the world within five years.

The Company's wholly owned subsidiary, Love Hemp Limited, is one of the UK's leading CBD and Hemp product suppliers and has more than 40 product lines, comprising oils, sprays and vapes and a variety of edible and water-based CBD products. Love Hemp Limited has established relationships with over 1,200 stores in the UK, including leading brands such as Ocado, Holland & Barrett and WH Smith.

Financial performance review

The loss of the Group for the year ended 30 June 2021 before taxation amounts to £4,389,331 (30 June 2020: loss of £12,940,667).

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 30 June 2022.

The three main KPIs for the Group are as follows. These allow the Group to monitor costs and plan future business and development activities:

KPI	2021	2020
Cash and cash equivalents	£925,921	£200,546
Administrative expenses as a percentage of total assets	46%	41%
Gross Margin	29%	57%

The gross margin for year ended 30 June 2021 reduced compared to 30 June 2020 due to a shift in product mix as the proportion of online sales fell. Cash has been used to fund the Group's operations and facilitate its investment activities (refer to the Statements of Cash Flows on page 21).

Administrative expenses are the expenses related to the Group's ability to run the corporate functions to ensure they can perform their operational commitments.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below.

STRATEGIC REPORT

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

Dependence on key personnel

The Group is dependent upon its executive management team and various consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

Funding risk

The Group will be required to raise further funding through the issue of additional equity capital in the parent company or through bringing in partners to fund investment and development costs. The Group's ability to raise further funds will depend on the success of the Group's investment strategy. The Group may not be successful in procuring funds on terms which are attractive and, if such funding is unavailable, the Group may be required to reduce the scope of its operational and investment activities.

Financial risks

The Group's operations expose it to a variety of financial risks that can include market risk (including foreign currency, price and interest rate risk), credit risk, and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Brexit risk

Due to the uncertainty around Brexit, management have assessed the risks it poses to the Group. As the majority of the Group's revenue and expenses are incurred in the UK, it is expected that there will be a minimal impact on the Group's performance and revenue.

COVID-19 risk

The outbreak of the recent global COVID-19 virus has resulted in business disruption and stock market volatility. The Group implemented extensive business continuity procedures and contingency arrangements and whilst it experienced disruption in the second half of 2020, the Group overcame this as demonstrated by strong revenue growth achieved in the year. Going forward the primary risks would be further lockdowns/restrictions which could negatively affect the sales to retailers and adverse impact on global economy and capital markets may lead to raising finance becoming more challenging.

Details of the Group's financial risk management policies are set out in Note 2 to the Financial Statements.

Section 172(1) Statement - Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The application of the s172 requirements can be demonstrated in relation to the some of the key decisions made during the year ended 30 June 2021.

- Further development of Love Hemp Limited including expansion of marketing and increased revenue growth.

STRATEGIC REPORT

- Sponsorship and endorsement deals with the UFC and Anthony Joshua which the Directors expect to help boost the profile of the brand.
- Settlement of group debt via share issuances thus preserving cash and enabling the Company to further fund the expansion of Love Hemp Limited.
- Fundraising of over £10,000,000 in cash to fully fund the group for the near future.
- Preparing the group to list on the main market of the LSE.
- Continued assessment of corporate overheads, expenditure levels and wider market conditions.

The Group Strategic Report was approved by the Board on 12 December 2021.

Andrew Male
Executive Chairman

LOVE HEMP GROUP PLC

DIRECTORS REPORT

The Directors present their Annual Report on the affairs of Love Hemp Group plc together with the Financial Statements for the year ended 30 June 2021.

Dividends

The Directors do not recommend the payment of a dividend for the year (30 June 2020: £nil).

Directors & Directors' interests

The Directors who served during the year ended 30 June 2021 are shown below and had, at that time, the following beneficial interests in the shares of the Company:

	30 June 2021		30 June 2020	
	Ordinary Shares*	Options*	Ordinary Shares	Options
Robert Payment (1)	-	-	957,778	1,250,000
Charles Lamb (2)	-	-	2,033,327	750,000
Kevin Ernst (3)	1,583,327	750,000	1,583,327	750,000
David Stadnyk (4)	-	-	17,046,875	6,000,000
Andrew Male	6,138,196	5,250,000	709,625	1,250,000
Antonio Calamita (5)	54,385,714	1,100,000	-	-

*Directors who were no longer in office at year end have not had their beneficial interests disclosed for 30 June 2021.

(1) Robert Payment resigned on 2 February 2021
(2) Charles Lamb resigned on 16 April 2021
(3) Kevin Ernst resigned on 9 August 2021
(4) David Stadnyk resigned on 1 December 2020
(5) Antonio Calamita was appointed on 2 February 2021
(6) 150,000 options are held by Antonio Calamita's spouse

Further details on options can be found in Note 27 to the Financial Statements.

Corporate responsibility

Health and safety

The Group operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is regarded as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

Internal controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the period. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Supplier payment policy

The Group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The Group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Group's contractual and other legal obligations.

DIRECTORS REPORT

Going concern

As described in Note 2, the Group has managed the impact of the COVID-19 pandemic on its business and the uncertainty it created. The Group took swift pre-emptive action to ensure the safety of its employees, contractors and supply chain. This included a full financial and strategic review designed to safeguard and ensure the stability and longevity of the Group's activities for the benefit for all its stakeholders.

The Consolidated Financial Statements have been prepared on a going concern basis. An operating loss has been reported of £4,044,655 and although the Group was in a net asset position of £10,399,338 at 30 June 2021, the Directors are aware that the Group's ability to remain a going concern for at least 12 months from the approval of these financial statements is dependent on the Group's ability to raise further equity and/or debt finance. Whilst the Directors acknowledge this is uncertain, they have a reasonable expectation that the Group will continue to be able to raise finance as required over this period.

The Group's business activities together with the additional factors likely to affect its future development, performance and position are set out in the Chairman's Report on pages 4-5. In addition, Note 2, 3 and 4 to the Consolidated Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to market, credit and liquidity risk.

The Directors have a reasonable expectation that the Group and Company have adequate resources and visibility over future external financing to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Directors' and Officers' indemnity insurance

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the period and remain in force at the date of this report.

Financial Risk Management Objectives

The Group has disclosed the financial risk management objectives within Note 3 to these Financial Statements.

Events after the reporting period

Events after the reporting period are set out in Note 35 to the Financial Statements.

Future developments

Details of future developments for the Group are disclosed in the Chairman's Report on page 4-5.

COVID-19

The Group had made preparations to mitigate the impact of COVID-19 on the business through several action plans and mitigation strategies. Covid 19 impacted supply chains and physical retail sales during the year however the Group was still able to raise significant funds and achieve significant growth during the period. The action plans and future conditions will continue to be monitored and updated as required.

Provision of information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 12 December 2021 and signed on its behalf.

Andrew Male
Executive Chairman

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Company is compliant with AQSE Rule 71 regarding the Company’s website.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statement.

INDEPENDENT AUDITORS REPORT

Opinion

We have audited the financial statements of Love Hemp Group plc (the 'parent company) and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Parent Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Parent Company Statement of Changes in Equity, Consolidated Cash Flow Statement, Parent Company Cash Flow Statement 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 accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2,3 in the financial statements, which indicates that the group incurred a net loss of £4,321,051 during the year ended 30 June 2021 and is dependent on raising further funds within the next 12 months in order to meet its obligations as they fall due. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included reviewing and challenging cashflow forecasts prepared by Management covering the going concern period, including the key assumptions made and discussing their strategies regarding future fund raises.

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In determining our overall audit strategy, we assessed the level of uncorrected misstatements that would be material for the financial statements as a whole.

Materiality for the consolidated financial statements was set as £194,000 (2020: £276,000) based upon loss before tax. Materiality has been based upon loss before tax due to the group being in the early stages of it busines growth cycle and hoping to reach profits in the foreseeable future. Performance materiality and the triviality threshold for the consolidated financial statements was set at £145,500 (2020: £193,200) and £9,700 (2020: £13,800) respectively.

Materiality for the parent company was set as £190,000 (2020: £230,000) based upon net assets, though capped so as to be below group materiality. Net assets was considered to be an appropriate basis due to the fact that the parent company is non revenue earning and holds significant material balances through investments in its subsidiaries and other assets and cash held. Performance materiality and the triviality threshold for the Company was set at £142,500 (2020: £161,000) and £9,500 (2020: £11,500) respectively.

We also agreed to report any other differences below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the recoverable value of the Company's investment in subsidiaries and intragroup balances due from subsidiaries and the goodwill and other intangible assets held on consolidation from the acquisition of Love Hemp Ltd. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of all 3 components of the group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Recoverable value of investments and intragroup balances (Parent Company)	
As at 30 June 2021, the value of the investment in Love Hemp Ltd and the amounts due from Love Hemp Ltd was £1,523k and £3,419k respectively. **Since Love Hemp Ltd continues to be loss making there is a risk that the recoverable value, which is a highly subjective accounting estimate, of these balances is less than the carrying value and therefore a material impairment may require to be recognised.** **Refer to note 4 for the disclosure regarding these critical accounting estimates.**	Our work in this area included but was not limited to: • Obtaining Management's assessment of the recoverable value in respect of both the investment in the subsidiary and the balances due from the subsidiaries and the supporting workings. Reviewing the assessment and workings; ascertaining and challenging the method and key assumptions and inputs employed by Management; • Reviewing post year-end performance, financial position and other sources of data to assess whether there are any indicators that the recoverable value of the two balances is less than their carrying value; • Ensuring that method employed, key assumptions made and key inputs used in the calculating of the recoverable value of these balances is sufficiently disclosed within the financial statements; and • Recalculating the assessment using management's forecasts with a discount rate of 23% and adjusted probability weightings of their growth scenarios. From the performance of the aforementioned procedures it was assessed that the recoverable value of the Love Hemp Ltd was in excess of both the carrying value of the investment and the carrying value of the balance due from the subsidiary. The key inputs and

	assumptions were assessed as being reasonable and no indicators of impairment were found, though we note that management's assessment is dependent on Love Hemp Ltd achieving their forecast future growth in scale and profitability.
Carrying value of goodwill and intangibles (Group)	
The group carries a material amount of goodwill (£400k) as well as separately identifiable intangible fixed asset (£2,300k) from relating to the subsidiary undertaking in October 2019, Love Hemp Ltd. As 12 months have passed since the acquisition date, Management were required under IFRS 3 to conduct a purchase price allocation (PPA) to allocate the goodwill to various assets and liabilities acquired. **There is a risk that the allocation of the purchase price may be materially incorrect and that the amortisation policy applied is inappropriate.** **There is also a risk that the recoverable value of the goodwill and intangible assets is lower than their carrying values and thus may be materially impaired.** **Refer to disclosure notes 16 and 17 for the movements in goodwill and intangible assets in the current and previous year.**	Our work in this area included but was not limited to: • Obtaining management's expert's PPA assessment and critically assessing the valuation methods for reasonableness as well as reviewing and challenging the key assumptions and inputs; • Assessing the experts' competence and independence and reviewing the conclusions for reasonableness; • Ensuring that the results from PPA, as well as key estimates made, have been adequately disclosed in accordance with IFRS 3; • Ensuring that the amortisation policy assigned to any classes of intangible assets is appropriate; • Ensuring that the amortisation charge for any intangible assets is correctly calculated; • We reviewed management's impairment assessment and calculations. We then critically reviewed the key inputs and assumptions and assessed them to known events and for reasonableness; • Recalculating the assessment using management's forecasts with a discount rate of 23% and adjusted probability weightings of their growth scenarios; and • We ensured that the key estimates made by management in respect of the recoverable value of the intangible assets and goodwill is adequately and accurately disclosed. The purchase price allocation assessment was conducted by Management with the input of an external, independent expert. This lead to the separate intangible assets, brands and customer relationships, being recognised totalling £2,300k and thus goodwill being reduced to £400k. The valuation method and the key inputs and assumptions underpinning the valuations for the valuing of the brands and customer relationships were found to be reasonable. Management applied an amortisation policy which reflected an appropriate useful economic life for both classes of intangibles and calculated the amortisation charge for the year accurately. The recoverable value of the goodwill and intangible assets was found to be in excess of the aggregated carrying value of these assets. This assessment by management was deemed to be reasonable but is

	dependent the projected growth in the scale and profitability of the group's operations. Adequate and accurate disclosure has made in respect of the valuation methods used to derive the valuation of the intangible assets and the recoverable value of said intangible assets and goodwill.

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[8]. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS REPORT

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and experience of the sector.

- We determined the principal laws and regulations currently relevant to the group and parent company in this regard to be those arising from UK Company Law, rules applicable to issuers on the Aquis Growth Market, Disclosure and Transparency Rules and international accounting standards.

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Directors. We considered the event of compliance with those laws and regulations as part of our procedures on the related financial statement items. We communicated laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit of the group.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:
    - Discussions with Management regarding compliance with laws and regulations by the parent company and all components;
    - Reviewing board minutes; and
    - Review of regulatory news announcements made.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Use of our report

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.

Alastair Roberts (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

12 December 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

Continued operations	Note	For the year ended 30 June 2021 £	For the year ended 30 June 2020 (restated) £
Revenue from contracts with customers	6	**4,325,173**	**1,690,447**
Cost of sales	7	(3,073,684)	(734,267)
Gross profit		**1,251,489**	**956,180**
Administrative expenses	8	(6,155,622)	(5,687,044)
Other net gains/(losses)	9	656,009	(405,407)
Impairment – goodwill	16	-	(7,434,666)
Foreign exchange		203,469	-
Operating loss		**(4,044,655)**	**(12,570,937)**
Finance costs	10	(344,676)	(369,730)
Loss before tax		**(4,389,331)**	**(12,940,667)**
Tax credit/(expense)		68,280	-
Loss for the year		**(4,321,051)**	**(12,940,667)**
Earnings per share			
Basic and diluted - pence	28	(1.177)	(9.95)
Weighted average number of ordinary shares parent			
Basic and diluted	28	367,203,679	130,038,096

	Note	For the year ended 30 June 2021 £	For the year ended 30 June 2020 £
Loss for the period		**(4,321,051)**	**(12,940,667)**
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
		(4,321,051)	**(12,940,667)**
Total comprehensive income		**(4,321,051)**	**(12,940,667)**

LOVE HEMP GROUP PLC

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

		Group		Company	
		As at 30 June 2021	As at 30 June 2020 (restated)	As at 30 June 2021	As at 30 June 2020
	Note	£	£	£	£
Non-current assets					
Investment in Love Hemp Ltd	32	-	-	4,810,264	1,523,405
Property, plant and equipment	14	310,324	224,707	-	-
Right of use assets	15	1,084,463	1,246,419	-	-
Goodwill	16	400,000	400,000	-	-
Intangible assets	17	1,658,408	2,031,264	-	-
Other receivables	18	4,191,297	-	4,191,297	-
		7,644,492	**3,902,390**	**9,001,561**	**1,523,405**
Current assets					
Inventories	19	572,033	281,351	-	-
Trade and other receivables	18	4,167,093	282,295	2,643,725	1,180,422
Cash and cash equivalents	20	925,921	200,546	736,922	46,343
		5,665,047	**764,192**	**3,380,647**	**1,226,765**
Total assets		**13,309,539**	**4,666,582**	**12,382,208**	**2,750,170**
Current liabilities					
Trade and other payables	21	1,609,266	573,660	291,023	273,675
Lease liability	15	180,930	180,918	-	-
Deferred consideration	22	-	4,000,000	-	4,000,000
Borrowings	23	67,329	172,843	-	81,187
Derivative financial instrument	24	-	451,187	-	451,187
		1,857,525	**5,378,608**	**291,023**	**4,806,049**
Non-current liabilities					
Lease liability	15	821,431	962,807	-	-
Borrowings	23	231,245	272,662	-	-
Convertible debentures	24	-	1,734,304	-	1,734,304
		1,052,676	**2,969,773**	**-**	**1,734,304**
Total liabilities		**2,910,201**	**8,348,381**	**291,023**	**6,540,353**
Net assets/(liabilities)		**10,399,338**	**(3,681,799)**	**12,091,185**	**(3,790,183)**
Equity					
Share capital	26	8,291,450	1,456,007	8,291,450	1,456,007
Share premium	26	16,285,464	4,661,576	16,285,464	4,661,576
Shares to be issued	22	980,000	2,251,845	980,000	2,251,845
Share option reserve	27	2,160,226	968,568	2,160,226	968,568
Retained earnings		(17,317,802)	(13,019,795)	(15,625,95	(13,128,179)
Total equity		**10,399,338**	**(3,681,799)**	**12,091,185**	**(3,790,183)**

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company Statement of Comprehensive Income. The loss for the Parent Company for the year was £2,520,820 (2020: £13,049,051). The Financial Statements were approved and authorised for issue by the Board on 12 December 2021 and were signed on its behalf by:

Andrew Male
Executive Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Share premium	Shares to be issued	Share option reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance as at 1 July 2019	**886,413**	**291,233**	**175,493**	**-**	**(79,128)**	**1,274,011**
Loss for the period	-	-	-	-	(12,671,931)	(12,671,931)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(12,671,931)**	**(12,671,931)**
Issue of shares and shares to be issued	569,594	4,370,343	2,076,352	-	-	7,016,289
Share-based compensation	-	-	-	968,568	-	968,568
Total transactions with owners, recognised directly in equity	**569,594**	**4,370,343**	**2,076,352**	**968,568**	**-**	**7,984,857**
Balance as at 30 June 2020	**1,456,007**	**4,661,576**	**2,251,845**	**968,568**	**(12,751,059)**	**(3,413,063)**

	Share capital	Share premium	Shares to be issued	Share option reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance as at 1 July 2020	**1,456,007**	**4,661,576**	**2,251,845**	**968,568**	**(12,751,059)**	**(3,413,063)**
Prior period restatement	-	-	-	-	(268,736)	(268,736)
Balance as at 1 July 2020 (restated)	**1,456,007**	**4,661,576**	**2,251,845**	**968,568**	**(13,019,795)**	**(3,681,799)**
Loss for the period	-	-	-	-	(4,321,051)	(4,321,051)
Total comprehensive loss for the period	-	-	-	-	**(4,321,051)**	**(4,321,051)**
Issue of shares and shares to be issued	6,835,443	12,404,219	(1,271,845)	-	-	17,967,817
Issue costs	-	(780,331)	-	335,867	-	(444,464)
Share-based compensation	-	-	-	878,835	-	878,835
Expiry of options	-	-	-	(23,044)	23,044	-
Total transactions with owners, recognised directly in equity	**6,835,443**	**11,623,888**	**(1,271,845)**	**1,191,658**	**23,044**	**18,402,188**
Balance as at 30 June 2021	**8,291,450**	**16,285,464**	**980,000**	**2,160,226**	**(17,317,802)**	**10,399,338**

LOVE HEMP GROUP PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Share premium	Shares to be issued	Share option reserves	Retained earnings	Total
	£	£	£	£	£	£
Balance as at 1 July 2019	**886,413**	**291,233**	**175,493**	**-**	**(79,128)**	**1,274,011**
Loss for the period	-	-	-	-	(13,049,051)	(13,049,051)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(13,049,051)**	**(13,049,051)**
Issue of shares and shares to be issued	569,594	4,370,343	2,076,35	-	-	7,016,289
Share-based compensation	-	-	-	968,568	-	968,568
Total transactions with owners, recognised directly in equity	**569,594**	**4,370,343**	**2,076,352**	**968,568**	**-**	**7,984,857**
Balance as at 30 June 2020	**1,456,007**	**4,661,576**	**2,251,845**	**968,568**	**(13,128,179)**	**(3,790,183)**

	Share capital	Share premium	Shares to be issued	Share option reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance as at 1 July 2020	**1,456,007**	**4,661,576**	**2,251,845**	**968,568**	**(13,128,179)**	**(3,790,183)**
Loss for the period	-	-	-	-	(2,520,820)	(2,520,820)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(2,520,820)**	**(2,520,820)**
Issue of shares and shares to be issued	6,835,443	12,404,219	(1,271,845)	-	-	17,967,817
Issue costs	-	(780,331)	-	335,867	-	(444,464)
Share-based compensation	-	-	-	878,835	-	878,835
Expiry of options	-	-	-	(23,044)	23,044	-
Total transactions with owners, recognised directly in equity	**6,835,443**	**11,623,888**	**(1,271,845)**	**1,191,658**	**23,044**	**18,402,188**
Balance as at 30 June 2021	**8,291,450**	**16,285,464**	**980,000**	**2,160,226**	**(15,625,955)**	**12,091,185**

LOVE HEMP GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	Note	For the year ended 30 June 2021 £	For the year ended 30 June 2020 (restated) £
Cash flows from operating activities			
Net loss for the year		**(4,321,051)**	**(12,940,667)**
Adjustments for:			
Depreciation and amortisation		609,089	299,718
Other gains		(98,358)	-
Share based payments		878,835	968,568
Accretion and interest		208,324	292,194
Shares issued for services		813,594	496,098
Accrued interest		136,352	29,885
Impairment - goodwill		-	7,434,666
Derivative fair value adjustment		(451,187)	383,139
(Increase)/decrease in trade and other receivables		(7,796,342)	162,743
(Increase)/decrease in inventories		(290,682)	263,555
(Decrease)/increase in trade and other payables		1,125,810	877,442
Net cash flows from operating activities		**(9,185,616)**	**(1,732,659)**
Investing activities			
Acquisition of Love Hemp Limited, net of cash acquired		-	(2,915,651)
Purchase of property, plant and equipment		(147,016)	(69,204)
Purchase of intangibles		(12,877)	-
Net cash used in investing activities		**(159,893)**	**(2,984,855)**
Financing activities			
Proceeds from share issue		10,343,476	1,045,181
Convertible debentures issued for cash		-	2,355,782
Convertible debentures transaction costs		-	(48,459)
Loans received		-	659,415
Lease payments		(180,930)	(102,694)
Loan repayments		(91,662)	(298,621)
Net cash used in financing activities		**10,070,884**	**3,610,604**
Net increase/(decrease) in cash and cash equivalents		**725,375**	**(1,106,910)**
Cash and cash equivalents at beginning of period		200,546	1,307,456
Cash and cash equivalents and end of period		**925,921**	**200,546**

Major non-cash transactions

On 6 July 2020 the Company issued of 6,666,660 Ordinary shares of £0.01 each at a price of £0.1 per share for convertible loan notes for a total value of £666,665. The Company also issued 515,478 Ordinary shares of £0.01 each at a price of £0.09 per share for interest on convertible loan notes for a total value of £46,406.

On 6 July 2020 the Company issued 16,180,579 Ordinary shares of £0.01 each for £0.09 per share for a total consideration of £1,456,251 for the settlement of debt in lieu of cash.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

On 25 September 2020 the Company issued 22,222,222 Ordinary shares of £0.01 each for £0.09 per share for a total consideration of £2,000,000 in order to settle a portion of the deferred consideration outstanding to the vendors of Love Hemp Limited.

On 2 February 2021 the Company issued 68,000,000 Ordinary shares of £0.01 each for £0.015 per share for a total consideration of £1,020,000 in order to settle a portion of the deferred consideration outstanding to the vendors of Love Hemp Limited.

On 11 March 2021, a deed of variation was entered into to convert the outstanding convertible loan notes into a total of 77,220,315 Ordinary shares of £0.01 each at a price of £0.025 per share for a total value of £1,930,507.

On 11 March 2021, the Company also agreed to issue 8,876,040 Ordinary shares of £0.01 each at a price of £0.025 per share in exchange for debt with an aggregate amount of £221,901.

On 9 June 2021 the Company issued 3,000,000 Ordinary shares of £0.01 each for £0.035 per share for a total consideration of £105,000 for the settlement of debt in lieu of cash.

On 9 June 2021 the Company issued 8,400,000 Ordinary shares of £0.01 each for £0.035 per share for a total consideration of £210,000 for settlement of fees in lieu of cash.

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	Note	For the year ended 30 June 2021 £	For the year ended 30 June 2020 £
Cash flows from operating activities			
Net loss for the year		**(2,520,820)**	**(13,049,051)**
Adjustments for:			
Other gains		(98,358)	-
Share based payments		878,835	968,568
Accretion and interest		208,324	292,194
Shares issued for services		813,594	496,098
Accrued interest		34,066	3,573
Impairment - investment		-	8,476,595
Derivative fair value adjustment		(451,187)	383,139
(Increase)/decrease in trade and other receivables		(6,515,925)	(3,541)
(Decrease)/increase in trade and other payables		108,838	1,500,648
Net cash flows from operating activities		**(7,542,633)**	**(931,777)**
Investing activities			
Acquisition of Love Hemp Limited, net of cash acquired		-	(3,000,000)
Loan to subsidiary		(2,110,264)	(1,291,255)
Net cash used in investing activities		**(2,110,264)**	**(4,291,255)**
Financing activities			
Proceeds from share issue		10,343,476	1,045,181
Convertible debentures issued for cash		-	2,355,782
Convertible debentures transaction costs		-	(48,459)
Loans received		-	609,415
Net cash used in financing activities		**10,343,476**	**3,961,919**
Net increase/(decrease) in cash and cash equivalents		**690,579**	**(1,261,113)**
Cash and cash equivalents at beginning of period		46,343	1,307,456
Cash and cash equivalents and end of period		**736,922**	**46,343**

Major non-cash transactions

On 6 July 2020 the Company issued of 6,666,660 Ordinary shares of £0.01 each at a price of £0.1 per share for convertible loan notes for a total value of £666,665. The Company also issued 515,478 Ordinary shares of £0.01 each at a price of £0.09 per share for interest on convertible loan notes for a total value of £46,406.

On 6 July 2020 the Company issued 16,180,579 Ordinary shares of £0.01 each for £0.09 per share for a total consideration of £1,456,251 for the settlement of debt in lieu of cash.

On 25 September 2020 the Company issued 22,222,222 Ordinary shares of £0.01 each for £0.09 per share for a total consideration of £2,000,000 in order to settle a portion of the deferred consideration outstanding to the vendors of Love Hemp Limited.

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

On 2 February 2021 the Company issued 68,000,000 Ordinary shares of £0.01 each for £0.015 per share for a total consideration of £1,020,000 in order to settle a portion of the deferred consideration outstanding to the vendors of Love Hemp Limited.

On 11 March 2021, a deed of variation was entered into to convert the outstanding convertible loan notes into a total of 77,220,315 Ordinary shares of £0.01 each at a price of £0.025 per share for a total value of £1,930,507.

On 11 March 2021, the Company also agreed to issue 8,876,040 Ordinary shares of £0.01 each at a price of £0.025 per share in exchange for debt with an aggregate amount of £221,901.

On 9 June 2021 the Company issued 3,000,000 Ordinary shares of £0.01 each for £0.035 per share for a total consideration of £105,000 for the settlement of debt in lieu of cash.

On 9 June 2021 the Company issued 8,400,000 Ordinary shares of £0.01 each for £0.035 per share for a total consideration of £210,000 for settlement of fees in lieu of cash.

1. General information

World High Life Limited was incorporated in England and Wales on 30 January 2019 with registration number 11797850 under the Companies Act 2006. The limited company reregistered as a public company on 6 August 2019, and thus became World High Life Plc (the "Company") on the same date. The Company changed its name to Love Hemp Group Plc on the 27 February 2021. The Company's head office and registered office address is Suite 1, 15 Ingestre Place, London W1F 0DU. There is no ultimate controlling party.

The Company is focused on developing business opportunities in the CBD Health and Wellness market, as well as the Regulated Medicinal Cannabis market in the UK and Europe. The Company's wholly owned subsidiary Love Hemp Ltd is a leading CBD products company based in the UK.

2. Accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below (**Accounting Policies** or **Policies**). These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of preparing the Financial Statements

The Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Financial Statements have also been prepared under the historical cost convention, except as modified for assets and liabilities recognised at fair value under business combinations and for derivatives.

The Financial Statements are presented in Pounds Sterling rounded to the nearest pound.

The preparation of Financial Statements in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4.

a) Changes in Accounting Policies

i) *New and amended standards adopted by the Group*

As of 1 July 2020, the Company adopted IAS 1, IFRS 7, IFRS 9 and IAS 8 (amendments) definition of material, IFRS 3 (amendments) business combinations and Amendments to References to the Conceptual Framework in IFRS Standards. The adoption of these standards did not have a material impact on the financial statements.

ii) New IFRS Standards and Interpretations not yet adopted

At the date on which these Financial Statements were authorised, there were no Standards, Interpretations and Amendments which had been issued but were not effective for the period ended 30 June 2021 that are expected to materially impact the Group's Financial Statements.

iii) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IFRS standards (amendments)	Interest rate benchmark reform	1 January 2021
IFRS 3	Reference to Conceptual Framework	1 January 2022
IAS 37	Onerous contracts	1 January 2022
IFRS Standards (amendments)	2018-2020 annual improvement cycle	1 January 2022
IAS 8	Accounting estimates	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-Current.	1 January 2023

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on the Group's results or shareholders' funds.

2.2. Basis of consolidation

The Consolidated Financial Statements consolidate the Financial Statements of the Company and the accounts of all of its subsidiary undertakings for all periods presented.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Investments in subsidiaries are accounted for at cost less impairment.

Where considered appropriate, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intercompany transactions and balances between Group enterprises are eliminated on consolidation.

2.3. Going concern

The Financial Statements have been prepared on a going concern basis with a material uncertainty. The Directors have reviewed forecasts which display significant growth in sales transforming the business into cashflow profitability over the following period. The Directors believe funds can continue to be raised from the capital markets to support any working capital shortfalls.

The Group has adequately planned and, where relevant, put in place mitigation strategies for the impacts of COVID-19.

On the basis of the above, the Directors have a reasonable expectation that the Group and Company have adequate resources and visibility over future external financing to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

2.4. Foreign currencies

a) Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the **functional currency**). The Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Group's functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs. All other foreign exchange gains and losses are presented in the Income Statement within 'Other net gains/(losses)'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as available for sale, are included in other comprehensive income.

2.5. Intangible assets

Trademarks

Trademark expenditure is capitalised as an intangible asset. Trademark expenditure is only capitalised if the costs can be measured reliably will generate future economic benefits in the form of cashflows to the Company.

Capitalised trademark expenditure is measured at cost less accumulated amortisation and accumulated impairment costs. The amortisation period is over a period of 4 years.

Brand and Customer Relationships

Brand and Customer Relationships are capitalised as an intangible asset. Brand and Customer Relationships are only capitalised if the costs can be measured reliably will generate future economic benefits in the form of cashflows to the Company.

Brand and Customer Relationship intangiables are measured at cost less accumulated amortisation and accumulated impairment costs. The amortisation period is over a period of 6 years. More detail can be found in Note 17.

2.6. Investments in subsidiaries

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision.

2.7. Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a declining balance basis at the following annual rates:

Leasehold improvements	20%
Production equipment	15%
Office equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net gains/(losses)' in the Income Statement.

2.8. Inventories

Inventories of finished goods and packing materials are valued initially at cost and subsequently at the lower of cost and net realisable value. Inventory consists of infused products, raw materials, accessories, and product packaging. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written-down to net realisable value.

2.9. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

2.10. Deferred consideration

Deferred consideration issued as part of a business combination to be settled in cash but with an option for either party to settle in shares in a form which significantly modifies the cash flows that would otherwise be required under the agreement is initially recorded at fair value and designated as fair value through profit and loss. Subsequent changes in the fair value of the deferred consideration are recorded in the income statement.

2.11. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12. Reserves

Share Premium – the reserve for shares issued above the nominal value. This also includes the cost of share issues that occurred during the year.

Retained Earnings – the retained earnings reserve includes all current and prior periods retained profit and losses.

Share option reserve – the reserve for share options which have been granted by the Company.

2.13. Share based payments

The Group operates a number of equity-settled, share-based schemes, under which the Group receives services from employees or third-party suppliers as consideration for equity instruments (options and warrants) of the Group. The fair value of the third-party suppliers' services received in exchange for the grant of the options is recognised as an expense in the Statement of Comprehensive Income or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the Statement of Comprehensive Income and its value is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The fair value of the share options and warrants are determined using the Black Scholes valuation model.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Statement of Comprehensive Income or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

2.14. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

2.15. Leases

The Group leases certain property, plant and equipment. Leases of plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases under IFRS 16. Finance leases are capitalised on the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Other leases are either small in value or cover a period of less than 12 months.

The lease liability is initially measured at the present value of the lease payments that are not paid. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The right-of-use asset is recognised at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the right-of-use asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis 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 right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in lease liabilities, split between current and non-current depending on when the liabilities are due. The interest element of the finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets obtained under finance leases are depreciated over their useful lives. The lease liabilities are shown in Note 15.

2.16. Borrowings

Bank and other borrowings

Interest-bearing bank loans and overdrafts and other loans are recognised initially at fair value less attributable transaction costs. All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and redemption value recognised in the Income Statement over the period to redemption on an effective interest basis.

2.17. Taxation

No current tax is yet payable in view of the losses to date.

Deferred tax is recognised for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Group Financial Statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principal, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets (including those arising from investments in subsidiaries), are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be used.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply to the period when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are not discounted.

2.18. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services supplied in course of ordinary business, stated net of discounts, returns and value added taxes. The Group recognises revenue in accordance with IFRS 15 at either a point in time or over time, depending on the nature of the goods or services and existence of acceptance clauses.

Revenue from the sale of goods is recognised when delivery has taken place and the performance obligation of delivering the goods has taken place. The performance obligation of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer, generally upon delivery when the bill of lading is signed as evidence that they have accepted the product delivered to them.

Revenue from the provision of consultancy services is recognised as the services are rendered, in accordance with customer contractual terms.

2.19. Cost of Sales

Cost of sales comprises direct costs relating to products sold.

2.20. Finance income and cost

Interest income and costs is recognised using the effective interest method.

2.21. Financial assets and liabilities

Financial assets
On initial recognition, financial assets are recognised at fair value and are subsequently classified and measured at: (i) amortised cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortised cost or FVOCI, are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business modelThe classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment
An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognised based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognised for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognised in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortised cost decreases, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities
Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortised cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities is classified as other financial liabilities and carried on the statement of financial position at amortised cost.

Derivatives which are financial liabilities are initially recognised at fair value and are subsequently remeasured at fair value at each year-end prior to settlement. The movements in fair value in each period is recognised within other net gains/(losses) in the Consolidated Statement of Comprehensive Income.

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management team under policies approved by the Board of Directors.

a) Market Risk

The Group is exposed to market risk, primarily relating to interest rate and foreign exchange. The Group has not sensitised the figures for fluctuations in interest rates and foreign exchange as the Directors are of the opinion that these fluctuations would not have a significant impact on the Financial Statements at the present time. The Directors will continue to assess the effect of movements in market risks on the Group's financial operations and initiate suitable risk management measures where necessary.

b) Credit Risk

Credit risk arises from cash and cash equivalents as well as exposure to customers including outstanding receivables. To manage this risk, the Group periodically assesses the financial reliability of customers and counterparties.

No credit limits were exceeded during the period, and management does not expect any losses from non-performance by these counterparties.

c) Liquidity Risk

The Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt. The Directors are reasonably confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

3.2. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Group to continue its investment activities, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the issue of shares or sell assets to reduce debts.

The Group defines capital based on the total equity of the Company. The Group monitors its level of cash resources available against future planned operational activities and the Company may issue new shares in order to raise further funds from time to time.

4. Critical accounting estimates

The preparation of the Financial Statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may vary from the estimates used to produce these Financial Statements and the key estimates and judgements are described below:

Going concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption. The Directors have reviewed projections for a period of at least 12 months from the date of approval of the financial statements as well as potential opportunities. Any potential short falls in funding have been identified and the steps to which Directors are able to mitigate such scenarios and/or defer or curtail discretionary expenditures should these be required have been considered.

In approving the financial statements, the Board have recognised that these circumstances create a level of uncertainty. However, having made enquiries and considered the uncertainties outlined above, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation and existence for the foreseeable future. Accordingly the Board believes it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Share based payments

The Company may grant stock options to acquire common shares of the Company to Directors, Officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Determination of asset fair values and allocation on purchase consideration

During the year ended 30 June 2021, a Purchase Price Allocation ("PPA") exercise conducted in respect of the acquisition of Love Hemp Ltd in October 2019 was completed. When conducting this exercise, with the assistance of an expert, the Directors were required to identify any separately identifiable intangible assets arising from the acquisition and for those identified, determine an appropriate fair value.

The Directors identified two intangible assets for which a fair value was determined: the Love Hemp Brand and the subsidiary's relationships with its customers. When estimating the fair value of these two intangible assets, the Directors applied an income-based valuation approach.

These valuations were calculated using revenue forecasts made by Directors at the time of acquisition which were based on expected annual growth rates between 25% and 50% over the 7 years forecasted. Another key input into the valuation was the weighted average cost of capital, calculated at 23%, which itself was derived using a number subjective inputs. For further commentary on the PPA, see Note 16 and Note 17.

5. Dividends

No dividend has been declared or paid by the Group during the year ended 30 June 2021 (2020: £nil).

6. Revenue from contracts with customers

	Group	
	30 June 2021	**30 June 2020**
Consultancy services – recognised over time	15,022	-
Product sales – recognised at a point in time	4,310,151	1,690,447
	4,325,173	**1,690,447**

All product sales revenue generated was from within the United Kingdom.

7. Cost of Sales

	Group	
	30 June 2021	**30 June 2020**
Materials	778,714	426,656
Commissions	151,508	43,996
Transport	330,207	42,371
Storage	9,247	9,274
Packaging	56,590	54,163
Promotional and marketing costs	1,353,252	48,914
Wages and contractors	363,711	94,983
Other	30,455	13,910
	3,073,684	**734,267**

8. Administrative Expenses

	Group	
	30 June 2021	30 June 2020 (restated)
	£	£
Office and administration	139,060	70,372
Advertising and promotion	1,502,612	1,349,709
Rent, utilities and operating costs	93,187	199,473
Travel and entertainment	32,142	237,592
Insurance	76,948	66,063
Bank charges and processing costs	69,587	35,299
Directors' fees	204,678	-
Employee salaries and wages	755,118	415,701
Consulting and professional	1,672,234	1,843,142
Transaction costs	-	201,407
Depreciation and amortisation	609,089	299,718
Share based payments	878,835	968,568
Other	122,132	-
Total administrative expenses	**6,155,622**	**5,687,044**

During the year the Group (including its subsidiaries) obtained the following services from the Company's auditors and its associates:

	Group	
	30 June 2021	30 June 2020
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company and Consolidated Financial Statements	36,000	34,500
	36,000	**34,500**

9. Other net gains/(losses)

	Group	
	30 June 2021	30 June 2020
	£	£
Gain on shares to be issued	82,534	-
Derivative liability fair value movement	451,187	(383,139)
Loss on debt settlement	-	(22,268)
Furlough grants	106,464	-
Other gains	15,824	-
	656,009	**(405,407)**

NOTES TO THE FINANCIAL STATEMENTS

10. Finance Costs

	Group	
	30 June 2021	**30 June 2020**
	£	**£**
Interest on right of use assets	39,566	33,004
Interest on loans	91,457	44,532
Interest on convertible loan notes	125,081	171,128
Accretion	83,242	121,066
Other finance costs	5,330	-
	344,676	**369,730**

11. Employee benefits expense

	Group	
	30 June 2021	**30 June 2020**
	£	**£**
Salaries and wages	630,915	338,028
Social security contributions and similar taxes	98,731	41,363
Other employment costs	25,472	36,310
	755,118	**415,701**

Average number of employees by function (Group)	**Numbers**
Operations	20
Administration	8
	28

Average number of employees by function (Company)	**Numbers**
Operations	-
Administration	5
	5

12. Directors' remuneration

	30 June 2021 £	30 June 2020 £
David Stadnyk	-	264,000
Robert Payment	-	25,000
Charlie Lamb	-	15,000
Kevin Ernst	-	15,000
Andrew Male	142,179	45,000
Antonio Calamita	62,499	-
	204,678	**364,000**

Antonio Calamita was appointed to the board on 2 February 2021. Prior to this he was a director of Love Hemp Limited. His salary from Love Hemp Limited prior to his appointment is not included above but totaled £117,500 (2020: £67,500).

Thomas Rowland who is a director of the subsidiary and considered apart of the Key Management Personnel received remuneration of £81,667 for year ended 30 June 2021 (2020: £67,500).

Antonio Calamita had a number of close family members who were employed in the Group during the year. The total remuneration received was £60,861 for the year ended 30 June 2021.

13. Taxation

Tax recognised in profit or loss	30 June 2021 £	30 June 2020 £
Current tax	-	-
Deferred tax	-	-
R&D tax credit	68,280	-
Total tax in the Income Statement - credit/(expense)	68,280	-

The tax on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits/(losses) of the consolidated entities as follows:

	30 June 2021 £	30 June 2020 (restated) £
Profit/(loss) on ordinary activities before tax	**(4,389,331)**	**(12,940,667)**
Tax on loss on ordinary activities at standard CT rate of 19%	**(833,973)**	**(2,834,000)**
Permanent difference	168,602	1,587,587
Change in unrecognised deductible temporary differences	681,788	1,246,413
Excess of capital allowances	(16,738)	-
R&D tax credit	68,280	-
Tax charge (credit)	68,280	**-**

For the year ended 30 June 2021, a carried forward loss of £10,148,426 (2020: £6,560,068) has been recognised. A deferred tax asset has not been recognised on the statement of financial position as there is currently no certainty the Group will achieve profitable operations to apply the tax losses against.

14. Property, plant and equipment

	Leasehold improvements	Production equipment	Office equipment	Total
	£	£	£	£
Cost				
As at 30 June 2019	**-**	**-**	**-**	**-**
Additions – Love Hemp acquisition	34,413	58,419	147,309	240,141
Additions	-	32,090	37,114	69,204
As at 30 June 2020	**34,413**	**90,509**	**184,423**	**309,345**
Additions	-	128,063	18,953	147,016
As at 30 June 2021	**34,413**	**218,572**	**203,376**	**456,361**
Depreciation				
As at 30 June 2019	**-**	**-**	**-**	**-**
Additions – Love Hemp acquisition	2,243	14,432	36,981	53,656
Charge for the year	1,213	9,661	20,108	30,982
As at 30 June 2020	**3,456**	**24,093**	**57,089**	**84,638**
Charge for the year	1,727	45,964	13,708	61,399
As at 30 June 2021	**5,183**	**70,057**	**70,797**	**146,037**
Net book value				
As at 30 June 2020	**30,957**	**66,416**	**127,334**	**224,707**
As at 30 June 2021	**29,230**	**148,515**	**132,579**	**310,324**

15. Leases

The following lease liabilities arose in respect of the recognition of right of use assets with a net book value of £1,010,610. The Group holds two leases that it accounts for under IFRS 16.

	£
Balance at 30 June 2019	**-**
Acquired in Love Hemp transaction	1,246,419
Principal reduction	(102,694)
Balance at 30 June 2020	**1,143,725**
Principal reduction	(180,930)
Finance cost	39,566
Balance at 30 June 2021	**1,002,361**
Less: Current portion	**(180,930)**
Non-current portion	**821,431**

The right of use assets are as follows:

	Facility lease	Total
	£	£
Balance at 30 June 2019	-	-
Additions	1,246,419	1,246,419
Depreciation	-	-
Balance at 30 June 2020	**1,246,419**	**1,246,419**
Additions	-	-
Depreciation	(161,956)	(161,956)
Balance at 30 June 2021	**1,084,463**	**1,084,463**

A maturity analysis of the undiscounted minimum lease payments due are as follows:

	£
Lease liabitlites – minimum lease payments	
No later than one year	180,930
Later than one year and no later than five years	625,568
Later than five years	329,632
Total	1,136,130

16. Goodwill

	£
30 June 2019	**-**
Acquisition of Love Hemp Limited	10,173,831
Impairment	(7,473,831)
Reallocation to intangible assets	(2,300,000)
30 June 2020	**400,000**
30 June 2021	**400,000**

The valuation of goodwill is reviewed by the Directors once a year with the last review taking place upon preparation of the 30 June 2021 consolidated financial statements. IFRS 3 requires an acquirer to allocate the cost of a business combination by recognising the acquiree's identifiable assets and liabilities and a provision for those contingent liabilities at their fair values at the acquisition date. Any difference between the cost of the business combination and the acquirer's interest in the net amount of the identifiable assets, liabilities and provisions for contingent liabilities so recognised shall be accounted for as goodwill.

When assessing the recoverable value of goodwill and intangible assets as part of their year-end impairment assessment, the Directors used a probability weighted discounted cash flow analysis. This discounted cashflows utilised a discount rate of 13% and estimates sales growth rates of between 0% and 100% for year one and between 0-25% for the next 5 years.

During the year a purchase price allocation valuation was conducted as per the requirements of IFRS 3 which valued the Group's customer relationships and brand at £2,300,000. This has been adjusted for as a prior year restatement as disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

17. Intangible assets

	Customer Relationships £	Brand £	Trademarks £	Total £
30 June 2019	**-**	**-**	**-**	**-**
Reallocation from goodwill	825,000	1,475,000	**-**	2,300,000
Amortisation	(96,394)	(172,342)	**-**	(268,736)
30 June 2020	**728,606**	**1,302,658**	**-**	**2,031,264**
Addtions	-	-	12,877	12,877
Amortisation	(137,437)	(245,721)	(2,575)	(385,733)
30 June 2021	**591,169**	**1,056,937**	**10,302**	**1,658,408**

During the year a purchase price allocation exercise relating to the purchase of Love Hemp Ltd by the Company was completed as per the requirements of IFRS 3 which valued the Groups customer relationships and brand at £2,300,000. This has been adjusted for as a prior year restatement as disclosed in Note 33. A further £12,877 in trademarks were booked for the year ended 30 June 2021.

When assessing the recoverable value of goodwill and intangible assets as part of their year-end impairment assessment, the Directors used a probability weighted discounted cash flow analysis. This discounted cashflows utilised a discount rate of 15% and estimates sales growth rates of between 0% and 100% for year one and between 0-25% for the next 5 years.

18. Trade and other receivables

Current:

	Group		Company	
	30 June 2021 £	**30 June 2020 £**	**30 June 2021 £**	**30 June 2020 £**
Trade receivables	189,869	75,641	-	-
Prepayments	3,119,691	206,654	2,220,866	3,827
Due from subsidiaries	-	-	-	1,176,595
Placing proceeds receivable	279,753	-	279,753	-
VAT receivables	498,260	-	133,106	-
Other receivables	79,520	-	10,000	-
	4,167,093	**282,295**	**2,643,725**	**1,180,422**

£2,186,763 of current prepayments relate to licensing fees for marketing services paid during the period.

Non-Current:

	Group		Company	
	30 June 2021 £	30 June 2020 £	30 June 2021 £	30 June 2020 £
Prepayments	4,191,297	-	4,191,297	-
	4,191,297	**-**	**4,191,297**	**-**

£4,191,297 of non-current prepayments relate to licensing fees for marketing services paid during the period.

19. Inventories

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Cost and net book value	£	£	£	£
Raw materials	305,768	162,856	-	-
Finished goods	266,265	118,495	-	-
	572,033	**281,351**	**-**	**-**

20. Cash and cash equivalents

	Group		Company	
	30 June 2021 £	30 June 2020 £	30 June 2021 £	30 June 2020 £
Cash at bank and on hand	925,921	200,546	736,922	46,343
	925,921	**200,546**	**736,922**	**46,343**

The carrying amounts of the Group's cash and cash equivalents are denominated in pounds sterling.

21. Trade and other payables

	Group		Company	
	30 June 2021 £	30 June 2020 £	30 June 2021 £	30 June 2020 £
Current liabilities				
Trade payables	979,174	506,308	197,259	273,675
Accrued liabilities	352,861	5,577	30,277	-
Tax and payroll	248,211	61,775	34,260	-
Other creditors	29,020	-	29,227	-
	1,609,266	**573,660**	**291,023**	**273,675**

The carrying amounts of the Group's trade and other payables are denominated in pounds sterling.

22. Deferred Consideration

On 18 October 2019 the Company acquired 100% of Love Hemp Ltd. ("Love Hemp") for consideration of between £9 million and £10 million as follows:

- £3 million of the consideration paid in cash on completion
- £3 million satisfied by the issue of 30,000,000 Ordinary Shares on completion

A further earn out of up to a maximum of £4 million to be paid.

- £1,500,000 in cash on the date falling six months and one day from the date of completion, provided that at the Company's election it can alternatively pay to the sellers an amount of £2,000,000 to be satisfied by the issue of Ordinary Shares calculated on a 10% discount to the 10 day VWAP preceding the date of the issue of those shares.
- £1,500,000 in cash on the date falling twelve months and one day from the date of completion provided that at the Company's election it can alternatively pay to the sellers an amount of £2,000,000 to be satisfied by the issue of Ordinary Shares calculated on a 10% discount to the 10 day VWAP preceding the date of the issue of those shares.

On 25 September 2020 the Company entered a Deed of Variation with the Sellers of Love Hemp Ltd. whereby the purchase consideration was amended as follows:

- On 25 September 2020 the Company issued 22,222,222 Ordinary shares at a deemed price of £0.09 per share as settlement of the first earn out payment which was due under the original agreement.
- £1,500,000 in cash on 15 January 2021 provided that at the seller's election the Company can alternatively pay to the sellers an amount of £2,000,000 to be satisfied by the issue of Ordinary Shares calculated on a 10% discount to the 10 day VWAP preceding the date of the issue of those shares.

Further to the above, on 3 February 2021 the Company issued 68,000,000 Ordinary shares of £0.01 each for £0.015 per share for a total consideration of £1,020,000 in order to settle a portion of the deferred consideration outstanding at the year end. As per the Deed of Variation previously agreed, this left a balance of £980,000 payable which has been subsequently agreed to be paid in shares and has been classified as shares to be issued within equity.

23. Borrowings

	Group	
	30 June 2021	30 June 2020
	£	£
Opening balance	445,505	-
Balance acquired – Love Hemp acquisition	-	586,627
Accrued interest	49,731	29,885
Loans issued	-	659,415
Shares to be issued for debt settlement	-	(308,636)
Shares issued	(105,000)	(223,165)
Repayments	(91,662)	(298,621)
Total	**298,574**	**445,505**
Current portion	**(67,329)**	**(172,843)**
Non-current portion	**231,245**	**272,662**

During April 2019, The Group entered a loan agreement with Funding Circle for a principal amount of up to £360,343 bearing interest at 9.90% per annum. The loan matures in sixty months and requires monthly repayments of £7,638. Upon maturity, Love Hemp is required to pay a completion fee of £10,495. The loan is secured by the assets of Love Hemp. At 30 June 2021 the loan had an outstanding principal amount of £248,574.

The Group obtained a bounce back loan facility of £50,000 granted in June 2020 for a term of 72 months bearing interest at 2.5% per annum. The balance outstanding at 30 June 2021 was £50,000.

The Group entered unsecured loan agreements whereby approximately £81,187 was advanced to the Company with an interest rate of 5% per annum repayable on November 1, 2020. The loan was from a Company with a common CFO and Director. On 9 June 2021 the Company issued 3,000,000 Ordinary shares of £0.01 each for £0.035 per share for a total consideration of £105,000 for the full settlement of the loan and interest accrued of £23,813.

An analysis of the undiscounted minimum payments due are as follows:

	£
Borrowings	
No later than one year	92,946
Later than one year and no later than five years	217,340
Later than five years	-
Total	**310,286**

24. Convertible debentures

	October 2019	November 2019	Total
	£	£	£
Balance at 30 June 2019	-	-	-
Convertible debentures issued	2,338,554	17,228	2,355,782
Transaction costs - cash	(48,459)	-	(48,459)
Conversion feature	(250,452)	(1,884)	(252,336)
Accretion expense	120,385	681	121,066
Interest expense	169,836	1,292	171,128
Converted to ordinary shares	(612,877)	-	(612,877)
Balance at 30 June 2020	**1,716,987**	**17,317**	**1,734,304**
Accretion expense	82,617	625	**83,242**
Interest expense	123,449	1,632	**125,081**
Converted to ordinary shares	(1,923,053)	(19,574)	**(1,942,627)**
Balance at 30 June 2021	**-**	**-**	**-**

In October and November of 2019, the Company issued 2,355,782 £0.10 convertible debenture units raising gross proceeds of £2,355,782. The convertible debentures units each consist of one debenture convertible into £0.01 nominal value Ordinary Shares at a price of £0.10 and one share purchase warrant exercisable at a price of £0.15 for a period of two years from closing, subject to the Company's right to accelerate the maturity date upon 30 days' notice in the event that the Ordinary Shares trade at £0.25 or higher for a 10 day period.

The debentures accrued interest of 10% annually and were subject to the Company's right to force conversion upon 30 days' notice in the event that the Ordinary Shares trade at £0.30 or higher for a 10-day period. Interest was to be paid in cash or in Ordinary Shares, or a combination thereof at the discretion of the Company. The Debentures matured in two years plus one day from the closing dates.

In connection with the above the Company paid cash transaction costs of £45,883 and issued a total of 54,970 share purchase warrants exercisable at a price of 0.15 per ordinary share for a period of two years from issue. As stated in the convertible debenture agreements the conversion price will be adjusted if the Company completes a rights offering for less than 90% of the quoted price. The variability of the conversion price created a derivative which was recognised as a financial liability.

The Convertible Debentures were fully converted during the year. On 25 September 2020 the Company issued of 121,210 Ordinary shares of £0.01 each at a price of £0.1 per share for convertible loan notes for a total value of £12,120. Further, On 11 March 2021, a deed of variation was entered into to convert the outstanding convertible loan notes into a total of 77,220,315 Ordinary shares of £0.01 each at a price of £0.025 per share for a total value of £1,930,507.

A continuity of the derivative liability related to the debenture conversion feature is as follows

	October 2019	November 2019	Total
	£	£	£
Balance at 30 June 2019	-	-	-
Convertible feature – initial recognition	250,452	1,884	252,336
Fair value adjustment	380,285	2,854	383,139
Allocated to equity	(184,288)	-	(184,288)
Balance at 30 June 2020	**446,449**	**4,738**	**451,187**
Fair value adjustment	(446,449)	(4,738)	(451,187)
Balance at 30 June 2021	**-**	**-**	**-**

25. Financial instruments by category

Consolidated

	30 June 2021	
	At amortised cost	Total
Assets per Statement of Financial Performance	£	£
Trade and other receivables (excluding prepayments)	1,047,402	1,047,402
Cash and cash equivalents	925,921	925,921
	1,973,323	**1,973,323**

	At fair value	At amortised cost	Total
Liabilities per Statement of Financial Performance	£	£	£
Borrowings (excluding finance leases)	-	298,574	298,574
Lease liabilities	-	1,002,361	1,002,361
Trade and other payables (excluding non-financial liabilities)	-	1,256,405	1,256,405
	-	**2,557,340**	**2,557,340**

Company

	30 June 2021	
	At amortised cost	Total
Assets per Statement of Financial Performance	£	£
Trade and other receivables (excluding prepayments)	422,859	422,859
Cash and cash equivalents	736,922	736,922
	1,159,781	**1,159,781**

	At amortised cost	Total
Liabilities per Statement of Financial Performance	£	£
Borrowings (excluding finance leases)	5,522	5,522
Trade and other payables (excluding non-financial liabilities)	255,224	255,224
	260,746	**260,746**

Consolidated

	30 June 2020	
	At amortised cost	Total
Assets per Statement of Financial Performance	£	£
Trade and other receivables (excluding prepayments)	75,641	75,641
Cash and cash equivalents	200,546	200,546
	276,187	**276,187**

Liabilities per Statement of Financial Performance	At amortised cost	At fair value	Total
	£	£	£
Borrowings (excluding finance leases)	445,505	-	445,505
Lease liabilities	1,143,725	-	1,143,725
Deferred consideration	-	4,000,000	4,000,000
Trade and other payables (excluding non-financial liabilities)	568,083	-	568,083 -
	2,157,313	4,000,000	**6,157,313**

Company

	30 June 2020	
	At amortised cost	Total
Assets per Statement of Financial Performance	£	£
Trade and other receivables (excluding prepayments)	1,176,595	1,176,595
Cash and cash equivalents	46,343	46,343
	1,222,938	**1,222,938**

Liabilities per Statement of Financial Performance	At amortised cost	Total
	£	£
Borrowings (excluding finance leases)	81,187	81,187
Trade and other payables (excluding non-financial liabilities)	273,675	273,675
	354,862	**354,862**

26. Share capital and share premium

	Number of shares	Ordinary shares	Share premium	Cost of capital (share based)	Cost of capital (direct)	Total
		£	£		£	£
Issued and fully paid						
As at 30 June 2019	**82,816,712**	**828,167**	**-**	**-**	**-**	**828,167**
Issue of new shares – 31 July 2019	5,824,642	58,248	291,232	-	-	349,480
Issue of new shares – 31 July 2019	3,079,928	30,799	277,194	-	-	307,993
Issue of new shares – 27 August 2019	1,990,000	19,900	179,100	-	-	199,000
Issue of new shares – 27 August 2019	7,911,809	79,118	712,062	-	-	791,180
Issue of new shares – 27 August 2019	675,000	6,750	33,750	-	-	40,500
Issue of new shares – 27 August 2019	8,100,000	81,000	-	-	-	81,000
Issue of new shares – 12 September 2019	500,000	5,000	45,000	-	-	50,000
Issue of new shares – 18 October 2019	30,000,000	300,000	2,700,000	-	-	3,000,000
Consolidation of shares – 19 November 2019	(126,808,281)	-	-	-	-	-
Issue of new shares – 21 November 2019	81,468	8,146	73,321	-	-	81,467
Issue of new shares – 4 February 2020	69,630	6,963	62,667	-	-	69,630
Subdivision of shares – 14 April 2020	128,168,172	-	-	-	-	-
Issue of new shares – 30 April 2020	3,191,650	31,916	287,250	-	-	319,166
As at 30 June 2020	**145,600,730**	**1,456,007**	**4,661,576**	**-**	**-**	**6,117,583**
Adjustment – 1 July 2021	-	-	7,060	-	-	7,060
Issue of new shares – 6 July 2020	6,666,660	66,666	599,999	-	-	666,665
Issue of new shares – 6 July 2020	515,478	5,160	41,246	-	-	46,406
Issue of new shares – 6 July 2020	16,180,579	161,805	1,294,446	-	-	1,456,251
Issue of new shares – 25 September 2020	22,222,222	222,222	1,777,777	-	-	1,999,999
Issue of new shares – 25 September 2020	121,210	1,212	10,908	-	-	12,120
Issue of new shares – 25 September 2020	17,877	178	893	-	-	1,071
Issue of new shares – 25 September 2020	680,778	6,807	42,889	-	-	49,696
Issue of new shares – 3 November 2020	38,114,285	381,142	-	-	-	381,142
Issue of new shares – 27 January 2021	56,620,600	566,206	-	**-**	(8,000)	558,206
Issue of new shares – 2 February 2021	68,000,000	680,000	340,000	-	(15,332)	1,004,668
Issue of new shares – 2 February 2021	46,700,000	467,000	-	-	-	467,000
Issue of new shares – 11 March 2021	77,220,315	772,203	1,158,304	-	-	1,930,507
Issue of new shares – 11 March 2021	8,876,040	88,760	133,140	-	-	221,900
Issue of new shares – 11 March 2021	229,415	2,294	3,441	-	-	5,735
Issue of new shares – 12 April 2021	143,571,429	1,435,714	3,589,285	(335,867)	(393,632)	4,295,500
Issue of new shares – 12 April 2021	57,650,428	576,504	1,441,260	-	-	2,017,764
Issue of new shares – 13 April 2021	10,100,000	101,000	-	-	-	101,000
Issue of new shares – 17 May 2021	34,814,285	348,142	-	-	-	348,142
Issue of new shares – 28 May 2021	67,142,857	671,428	1,678,571	-	(27,500)	2,322,499
Issue of new shares – 9 June 2021	3,000,000	30,000	75,000	-	-	105,000
Issue of new shares – 9 June 2021	8,400,000	84,000	210,000	-	-	294,000
Issue of new shares – 9 June 2021	16,700,000	167,000	-	-	-	167,000
As at 30 June 2021	**829,145,188**	**8,291,450**	**17,065,795**	(335,867)	**(444,464)**	**24,576,914**

On 6 July 2020 the Company issued of 6,666,660 Ordinary shares of £0.01 each at a price of £0.1 per share for convertible loan notes for a total value of £666,665.

On 6 July 2020 the Company issued of 515,478 Ordinary shares of £0.01 each at a price of £0.09 per share for interest on convertible loan notes for a total value of £46,406.

NOTES TO THE FINANCIAL STATEMENTS

On 6 July 2020 the Company issued 16,180,579 Ordinary shares of £0.01 each for £0.09 per share for a total consideration of £1,456,251 for the settlement of debt in lieu of cash.

On 25 September 2020 the Company issued 22,222,222 Ordinary shares of £0.01 each for £0.09 per share for a total consideration of £2,000,000 in order to settle a portion of the deferred consideration outstanding to the vendors of Love Hemp Limited.

On 25 September 2020 the Company issued of 121,210 Ordinary shares of £0.01 each at a price of £0.1 per share for convertible loan notes for a total value of £12,120.

On 25 September 2020 the Company issued of 17,877 Ordinary shares of £0.01 each at a price of £0.06 per share for interest on convertible loan notes for a total value of £1,071.

On 25 September 2020 the Company issued 680,778 Ordinary shares of £0.01 each for £0.073 per share for a total consideration of £49,696 for the settlement of debt in lieu of cash.

On 3 November 2020 the Company issued 38,114,285 Ordinary shares of £0.01 each for £0.01 per share for a total consideration of £381,142.

On 27 January 2021 the Company issued 56,620,600 Ordinary shares of £0.01 each for £0.01 per share for a total consideration of £566,206.

On 2 February 2021 the Company issued 68,000,000 Ordinary shares of £0.01 each for £0.015 per share for a total consideration of £1,020,000 in order to settle a portion of the deferred consideration outstanding to the vendors of Love Hemp Limited.

On 2 February 2021 the Company issued 46,700,000 Ordinary shares of £0.01 each for £0.01 per share for a total consideration of £467,000.

On 11 March 2021, a deed of variation was entered into to convert the outstanding convertible loan notes into a total of 77,220,315 Ordinary shares of £0.01 each at a price of £0.025 per share for a total value of £1,930,507.

On 11 March 2021, the Company also agreed to issue 8,876,040 Ordinary shares of £0.01 each at a price of £0.025 per share in exchange for debt with an aggregate amount of £221,901.

On 11 March 2021 the Company issued 229,415 Ordinary shares of £0.01 each at a price of £0.025 per share for settlement of fees in lieu of cash.

On 12 April 2021 the Company issued 143,571,429 Ordinary shares of £0.01 each for £0.025 per share for a total consideration of £5,024,999.

On 12 April 2021 the Company issued 57,650,428 Ordinary shares of £0.01 each for £0.025 per share for a total consideration of £2,017,764.

On 13 April 2021 the Company issued 10,100,000 Ordinary shares of £0.01 each for £0.01 per share for a total amount of £101,000 as part of a warrant exercise.

On 17 May 2021 the Company issued 34,814,285 Ordinary shares of £0.01 each for £0.01 per share for a total amount of £348,142 as part of a warrant exercise.

On 28 May 2021 the Company issued 67,142,857 Ordinary shares of £0.01 each for £0.035 per share for a total consideration of £2,349,999.

On 9 June 2021 the Company issued 3,000,000 Ordinary shares of £0.01 each for £0.035 per share for a total consideration of £105,000 for the settlement of debt in lieu of cash.

On 9 June 2021 the Company issued 8,400,000 Ordinary shares of £0.01 each for £0.035 per share for a total consideration of £210,000 for settlement of fees in lieu of cash.

On 9 June 2021 the Company issued 16,700,000 Ordinary shares of £0.01 each for £0.01 per share for a total amount of £167,000 as part of a warrant exercise.

27. Share Option Reserve

Share options and warrants
Share options and warrants outstanding and exercisable at the end of the period have the following expiry dates and exercise prices:

Vesting date	Expiry date	Exercise price £	30 June 2021	30 June 2020
28 June 2019	28 June 2021	0.12	-	2,912,328
19 July 2019	19 July 2021	0.20	1,539,965	1,539,965
16 August 2019	16 August 2021	0.20	3,642,500	3,642,500
27 August 2019	27 August 2021	0.12	337,500	337,500
27 August 2019	27 August 2021	0.20	313,405	313,405
27 August 2019	27 February 2025	0.128	25,500,000	25,500,000
12 September 2019	12 September 2020	0.10	-	551,990
15 December 2019	15 June 2025	0.128	3,300,000	3,300,000
27 February 2020	21 November 2021	0.20	407,340	407,340
27 February 2020	29 November 2021	0.15	23,557,820	23,557,820
3 November 2020	3 November 2022	0.10	11,200,000	-
27 January 2021	27 January 2023	0.10	36,120,600	-
3 February 2021	3 February 2023	0.10	32,500,000	-
11 March 2021	14 March 2023	0.05	77,220,315	-
25 March 2021	21 March 2023	0.10	800,000	-
7 April 2021	7 April 2023	0.035	5,741,570	-
27 May 2021	26 August 2021	0.035	33,571,429	-
9 June 2021	12 April 2023	0.035	15,746,325	-
			271,498,769	**62,062,848**

The Company and Group have no legal or constructive obligation to settle or repurchase the options or warrants in cash.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2021 Warrants	2021 Warrants	2020 Options	2020 Options
Granted on:	9/6/2021	7/4/2021	15/6/2020	27/2/2020
Life (years)	2 years	2 years	5 years	5 years
Exercise price (pence per share)	3.5p	3.5p	12.8p	12.8p
Risk free rate	0.36%	0.36%	0.36%	0.36%
Expected volatility	248%	250%	121%	121%
Expected dividend yield	-	-	-	-
Marketability discount	20%	20%	20%	20%
Total fair value (£000)	424	170	168	1,397

The expected volatility of the 2020 options and 2021 warrants has been calculated based on volatility for the twelve months prior to the date of grant. The risk-free rate of return is based on zero yield government bonds for a term consistent with the option life. A reconciliation of options and warrants granted over the period to 30 June 2021 is shown below:

	2021		2020	
	Number	**Weighted average exercise price (£)**	Number	Weighted average exercise price (£)
Outstanding at beginning of period	**62,062,848**	**0.14**	**2,912,328**	**0.14**
Granted	274,514,524	0.05	59,150,520	0.14
Expired	(3,464,318)	0.05	-	-
Exercised	(61,614,285)	0.05	-	-
Outstanding as at period end	**271,498,769**	**0.05**	**62,062,848**	**0.14**
Exercisable at period end	**271,498,769**	**0.05**	**62,062,848**	**0.14**

	2020				2019			
Range of exercise prices (£)	**Weighted average exercise price (£)**	**Number of shares**	**Weighted average remaining life expected (years)**	**Weighted average remaining life contracted (years)**	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0 – 0.05	-	-	-	-	0.14	62,062,848	1.45	1.45
0.05 – 0.15	0.05	271,498,769	1.33	1.33	-	-	-	-

During the period there was a charge of £878,835 (2020: £968,568) in respect of share options and warrants and an additional amount of £335,867 for warrants granted as commission. During the period £23,044 (2020: £nil) of options expired.

28. Earnings per share

For the period ended 30 June 2020, the calculation of the total basic loss per share of (9.95) pence is calculated by dividing the profit attributable to shareholders of £12,570,937 by the weighted average number of ordinary shares of 130,038,096 in issue during the period.

For the period ended 30 June 2021, the calculation of the total basic loss per share of (1.177) pence is calculated by dividing the loss attributable to shareholders of £4,321,051 by the weighted average number of ordinary shares of 367,203,679 in issue during the period.

29. Fair Value of Financial Assets and Liabilities Measured at Amortised Costs

Financial assets and liabilities comprise the following:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The fair values of these items equate to their carrying values as at the reporting date. More information can be found in Note 25.

30. Contingencies

The Group is not aware of any material personal injury or damage claims open against the Group.

31. Related party transactions

The Group entered unsecured loan agreements whereby approximately £81,187 was advanced to the Company with an interest rate of 5% per annum repayable on November 1, 2020. The loan was from a Company with a common Director. On 9 June 2021 the Company issued 3,000,000 Ordinary shares of £0.01 each for £0.035 per share for a total consideration of £105,000 for the full settlement of the loan and interest.

Antonio Calamita had a number of close family members who were employed in the Group during the year. The total remuneration received was £60,861 for the year ended 30 June 2021.

32. Investments in subsidiary undertakings

	Company 2021 £
Shares in Group Undertakings	
At beginning of period	1,523,405
At end of period	**1,523,405**
Loans to Group Undertakings	
At beginning of period	-
Reclassfied from trade and other recievables	3,286,859
At end of period	3,286,859
Total	**4,810,264**

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision. Investments and loans to subsidiaries are eliminated upon consolidation. £3,286,859 in loans to Love Hemp Ltd and WHL Canada Inc that was classified in current assets was reclassified to investments in subsdiary undertaking following change of board and strategy of the Group.

Name of subsidiary	Country of incorporation and place of business	Proportion of ordinary shares held by parent (%)	Proportion of ordinary shares held by the Group (%)	Nature of business
Love Hemp Ltd	UK	100%	100%	Retail
WHL Canada Inc	Canada	100%	100%	Intermediary company

33. Restatement following purchase price allocation exercise

During the year ended 30 June 2021, a purchase price allocation exercise relating to the purchase of Love Hemp Ltd by the Company was completed. This exercise lead to two separate classes of intangible fixed assets, the Love Hemp brand and its customer relationships, being assigned a total value of £2,300,000.

As required under IFRS 3, the comparative figures have been amended to account for the identified intangible fixed assets as if the purchase price allocation exercise took place on the date of acquisition.

As a result, goodwill has been reduced by £2,300,000 and amortisation has been recognised in respect of the intangible fixed assets for the period from acquisition to 30 June 2020 on a straight line basis based on the intangible fixed assets having a useful economic life of 6 years.

The impact of the prior year restatement in respect of the classification of the goodwill and intangibles are as follows:

	2020 as presented £	**Restatement £**	**2020 restated £**
Goodwill	2,700,000	(2,300,000)	400,000
Intangibles	-	2,031,264	2,031,264
Amortisation through profit or loss	-	268,736	268,736

34. Ultimate Controlling Party

The Directors believe there is no ultimate controlling party.

35. Events After the Reporting Date

On 23 November 2021 the Company issued a total of 4,313,542 ordinary shares of one pence each at a price of £0.025 per share for services.

On 23 November 2021 the Company issued a total of 8,257,143 ordinary shares of one pence each at a price of £0.035 per share for services.

On 23 November 2021 the Company issued a total of 6,000,00 ordinary shares of one pence each at a price of £0.01 per share for the exercise of warrants.

On 23 November 2021 the Company issued a total of 22,580 ordinary shares of one pence each at a price of £0.05 per share for the exercise of warrants.

On 23 November 2021 the Company issued a total of 3,833,342 ordinary shares of one pence each at a price of £0.035 per share for services.

On 23 November 2021 the Company issued a total of 23,746,371 ordinary shares of one pence each at a price of £0.0169 per share for services.

On 23 November 2021 the Company issued a total of 145,000 ordinary shares of one pence each at a price of £0.35 per share for cash.

On 23 November 2021 the Company issued Warrants to subscribe for 1,082,571 Ordinary Shares, with an expiry date of 28 May 2023 and an exercise price of 3.5 pence per share.