REGISTRATION NUMBER: 002845V

APOLLON FORMULARIES PLC (FORMERLY AFRIAG GLOBAL PLC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS

Apollon Formularies plc (formerly AfriAg Global plc)

COMPANY INFORMATION

Directors	David Lenigas (resigned 12 April 2021) Hamish Harris (resigned 12 April 2021) Donald Strang (resigned 12 April 2021) Kevin Sheil (appointed 12 April 2021, resigned 27 January 2022) Nicholas Ingrassia (appointed 12 April 2021) Stephen D Barnhill M.D (appointed 12 April 2021) Nicholas Barnhill (appointed 12 April 2021) Roderick McIllree (appointed 11 January 2022) Herb Fritsche (appointed 26 January 2022)
Registered office	Quayside House 6 Hope Street Castletown Isle of Man IM9 1AS
Corporate Adviser and Broker	Peterhouse Capital Limited 80 Cheapside, London, EC2V 6EE United Kingdom
Auditor	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus London E14 4HD
Solicitors to English Law	Hill Dickinson. LLP The Broadgate Tower 20 Primrose Street London, EC2A 2EW United Kingdom
Bankers	Lloyds Bank plc 39 Threadneedle Street, London, EC2R 8AU United Kingdom
Isle of Man Registered Agent and Administrator	Quayside Services Limited Quayside House 6 Hope Street Castletown Isle of Man IM9 1AS
CREST Service Provider	Share Registrars Limited Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL

CHAIRMANS REPORT

Chairman's Statement

I am pleased to provide shareholders with Apollon's ("Apollon" or the "Company") financial results for the full year ended 31 December 2021 and an update on the progress that the Company has made, and continues to make, as it takes steps to transition towards serving a wider global export market.

In April 2021, Apollon completed a reverse takeover and commenced trading on the Aquis Growth Market. This public listing was notable as Apollon was among the first medical cannabis companies legally licenced to work with full-spectrum high THC medical cannabis products allowed to be publicly listed in London. As part of this, Apollon secured £2.5 million through an oversubscribed fundraise at 5p.

As announced in June 2021, third-party independent lab testing carried out by BIOENSIS demonstrated that Apollon's proprietary medical cannabis formulations were successful in killing nearly 100% of triple negative and HER2+ breast cancer cells in 3D cell cultures. Further testing carried out by BIOENSIS, announced in July 2021, showed the formulations to be successful in killing both hormone-resistant and hormone-sensitive prostate cancer cells in 3D cell cultures.

As part of the Company's strategy to reach global markets, Apollon expanded its production facility in Negril, Jamaica. A key part of the upgrade consisted of Apollon purchasing a new imported distiller from the US which will significantly increase our high-quality cannabis oil production capacity by over 50 times the current level, to more than 20 litres of distilled medical cannabis oil per day. This allows Apollon to greatly increase its inventory ahead of global exportation to countries where legal import is allowed.

During the Period, we made a number of appointments to strengthen our medical team and Board in preparation for global expansion. In July 2021 we appointed Dr. Dingle Spence, MBBS, Dip Pall. Med, FRCR, as the Medical Director of its new facility, the Apollon International Cancer and Chronic Pain Institute, in Kingston, Jamaica. In addition, Stephen Barnhill Jr. and Stene Jacobs were appointed as joint Chief Operating Officers, with Stephen Barnhill Jr. focusing on Jamaica, the Caribbean and North America, whilst Stene Jacobs has been focusing on Apollon's expansion into Europe and Africa.

At the beginning of December 2021, we announced that the International Cancer and Chronic Pain Institute was open and had begun treating its first cancer patients with Apollon's medical cannabis products. This important step rounds off a successful year which has seen significant growth and development of the Company, as it strives to increase shareholder value.

Post-Period

Following the opening of the International Cancer and Chronic Pain Institute, Apollon has had continued demand from international patients for treatment and consultations at the Institute, as well as at the Wellness Centre in Negril and we have made some exciting steps in the first half of 2022 as we build on the success of 2021.

In March 2022, Apollon announced the formation of a joint venture partnership with Tri-Medi Canna to establish a vertically operated business, Apollon SA Pty. This joint venture represents our first international expansion and is a significant development for the Company as it provides access, under license, to the South Africa Development Community (SADC), comprising of 16 member states with the potential to reach over 350 million people. According to Prohibition Partners, Africa Cannabis Report, March 2019, Africa's medical cannabis sector is forecast to be worth up to $7.1 billion by 2023, which provides an excellent potential for Apollon to establish a commercial footprint.

We have also acquired four international patents from Aion Therapeutics. These patents are filed through the Patent Cooperation Treaty covering 156 countries and contracting states, as well as being filed in Jamaica. This acquisition includes all associated supporting data including the pre-clinical testing results from BIOENSIS. The patent Titles are:

1. Composition and Methods for Treatment of Cancers.
2. Composition and Methods for Treatment of Inflammation.
3. Methods for Treatment of Human Cancers using Mushroom Combinations and
4. Methods for Treatment of Human Cancers using Cannabis Compositions.

Apollon currently provides these medical cannabis and medicinal mushroom products by physician prescription at the International Cancer and Chronic Pain Institute in Kingston, Jamaica, and at the Cannabis Licensing Authority ("CLA") licensed dispensary in Negril, Jamaica. Apollon will, and in the near term, provide them through medically supervised patient trials to validate the successful results seen in pre-clinical testing.

In January 2022, it was announced that Dr. Archibald McDonald, Professor Emeritus, and Former University Dean, Faculty of Medical Sciences and Pro-Vice Chancellor, University of the West Indies, was appointed as Director of

CHAIRMANS REPORT

Clinical Trials at Apollon. Dr. McDonald is currently the Chairman of the Ethics Committee of the Ministry of Health in Jamaica and is now working with the Company on medically supervised patient trials. Further to this appointment, we were delighted to welcome Dr. Herbert Fritsche to the Board of Directors. Dr Herbert Fritsche is former Professor of Laboratory Medicine and Chief of the Clinical Chemistry Section at The University of Texas, M.D. Anderson Cancer Center in Houston, Texas and world-renowned Clinical Chemist recognized internationally as an expert in the field of clinical chemistry, cancer diagnostics and laboratory medicine.

Furthermore, in January 2022, the CLA approved Apollon’s request for the renewal of two medical cannabis licenses: Processing, and Retail (Therapeutic) for an additional three years. The Company has a current CLA approved Research and Development (Experimental) License, and we are currently one of the very few companies in Jamaica with all three of these vertically integrated CLA approved licenses.

The combination of these licenses allows the us to successfully implement our business plan and achieve the goal of developing, processing, and manufacturing our proprietary formulations, selling Apollon's cannabis derived pharmaceutical and nutraceutical products, treating patients, performing clinical trials, and legally exporting our scientifically validated medical cannabis products globally.

Outlook

As we look ahead through the second half of 2022 into 2023 and beyond, there are several key developments that the Company intends to make. A major priority for Apollon is exporting its first line of products to South Africa for continued academic research with its academic affiliates in the region, and for patients to access through prescription under S21 guidelines in South Africa. Apollon will continue engagement with the South African Health Products Regulatory Authority to start the licensed medication process in the region.

In Jamaica, Apollon is working to gain regulatory authority from the Ministry of Health and Wellness to supply the entire Jamaican dispensary and pharmacy network, which is currently 750 strong.

We are focused on investigating ways to upgrade our current capabilities to a larger GMP/EU-GMP facility, which would give us the access to the wider global export market in supportive jurisdictions where medical cannabis is legal.

We note the recent extreme volatility in the global financial markets as central banks struggle to contain inflationary pressures after more than a decade of loose fiscal policy. This volatility has disproportionately impacted growth-orientated companies such as Apollon and has the potential to create challenging periods to raise continued financing. Due to its relatively low overheads and nimble decision making capabilities, the Company seeks to retain financial and operational flexibility in the uncertain times ahead while remaining committed to created shareholder value in the longer term.

I am excited for what the future holds for Apollon and would like to thank our shareholders for their support and continued investment as we execute our strategy to become the premier global medical cannabis company in Oncology and Chronic Pain. We have achieved several key milestones during the year ended 31 December 2021 and we are well positioned to continue our growth both locally and globally. I look forward to keeping investors updated with future developments.

Stephen D Barnhill M.D
Executive Chairman
30 June 2022

STRATEGIC REPORT

The Directors of the Company present their Strategic Report on the Group for the year ended 31 December 2021.

Strategic approach

The Group's aim is to create value for shareholders through expanding its operations, research and development within the international medicinal cannabis pharmaceutical industry. The Group's strategy is to continue its research and development programme in Jamaica, as well as expanding the sale of its prescription-based medical cannabis formulations to patients and countries allowing legal imports.

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.

As at 31 December 2021, the Board comprised of 1 Executive Director and 3 Non-Executive Directors. Post year end, Roderick McIllree and Herbert Fristche were appointed as Non-Executive Directors and Kevin Sheil resigned.

Review of business

Apollon Formularies Plc is an international medical cannabis pharmaceutical company specialising in research and treatment. Apollon Formularies Plc was established to advance the current significant commercial opportunities in the legal medical cannabis markets globally.

Through the Company's wholly owned subsidiary, Apollon Formularies Ltd and its' associate Apollon Formularies Jamaica Ltd (a fully licensed full spectrum medical cannabis company), Apollon Formularies Jamaica Ltd is currently producing pharmaceutical, nutraceutical and other medical cannabis related products. Apollon Formularies Jamaica Ltd medical cannabis formulations are currently available by prescription to any licensed Jamaican doctor for their patients and for export to any country allowing legal imports.

Financial performance review

The loss of the Group for the year ended 31 December 2021 before taxation amounts to £2,530,556 (31 December 2020: loss of £496,939).

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 31 December 2021.

During the year, the sole KPI of the Group was create value for shareholders by developing medicinal cannabis pharmaceutical investment opportunities. It has achieved this KPI by identifying Apollon Formularies Limited as target investment and has successfully executed reverse takeover of the entity. As the Group has now entered the international medical cannabis pharmaceutical industry, the performance of the group will be reviewed by the level of sales, completion of clinical trials, and acquiring relevant production licenses.

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.

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

Given its lack of significant revenue streams, 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. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Banking risk

Although the use of medical cannabis in the UK and Jamaica is legal, laws still exist both locally and via treaty that have inhibited many banks from providing traditional banking services (i.e., accept deposit of funds, making payments using funds, transferring funds, etc.) for businesses involved with medical cannabis. Consequently, businesses that are otherwise lawfully involved in the medical cannabis industry may have trouble finding a bank willing to accept service their business. The Company is aware that certain banks in Jamaica have limited, or eliminated, banking services as such are sought by businesses engaged legally in the medical cannabis industry

Legal and political risks

The Company is exposed to significant political risk resulting from operations in United Kingdom and its interests in Jamaica. This is particularly a factor where initiative involve developing countries, including Jamaica. Moreover, in the United Kingdom, Jamaica and other countries, there are significant changes to laws occurring as relate the medical cannabis and its cultivation, processing, possession, distribution, use, and/or export/import. Even though such changes are making it easier and more permissible for a business to operate that involves medical cannabis, there remain inconsistencies in the law and there can be no guarantee that the laws will continue to evolve so as to be favourable to the Company

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.

STRATEGIC REPORT

The application of the s172 requirements can be demonstrated in relation to the some of the key decisions made during the year ended 31 December 2021.

- The acquisition of Apollon Formularies Limited via an RTO and was successfully executed in April 2021 alongside a significant fundraise. Further development in the associate company, Apollon Formularies Jamaica, including expansion of research into cancer treatments.
- Fundraising of £2,500,000 by way of placing and subscription of new Ordinary shares to fund the group for the near future following the reverse acquisition of Apollon Formularies Ltd.
- International cancer and chronic pain institute opened and welcomed the first patients to be treated with Apollon’s proprietary medical cannabis products.
- Continued assessment of corporate overheads, expenditure levels and wider market conditions.
- Appointment of Stephen Barnhill, Nicholas Barnhill, Kevin Sheil and Nicholas Ingrassia; each bringing a wealth of financial and directorial experience to the team.

The Group Strategic Report was approved by the Board on 30 June 2022.

Stephen D Barnhill M.D
Executive Chairman

DIRECTORS REPORT

The Directors present their Annual Report on the affairs of Apollon Formularies Plc together with the Financial Statements for the year ended 31 December 2021.

Dividends

The Directors do not recommend the payment of a dividend for the year (31 December 2020: £Nil).

Directors & Directors' interests

The Directors who served during the year ended 31 December 2021 are shown below and had, at that time, the following beneficial interests in the shares of the Company:

	31 December 2021		31 December 2020	
	Ordinary Shares	Options	Ordinary Shares	Options
David Lenigas	-	-	1,240,000	-
Donald Strang	-	-	400,000	-
Hamish Harris	-	-	400,000	-
Stephen Barnhill	182,859,400	-	-	-
Nicholas Barnhill	18,957,346	-	-	-
Nicholas Ingrassia	178,000	-	-	-
Kevin Sheil	6,319,115	-	-	-

Shares held by Stephen Barnhill include 171,800,948 shares held by Apollon Formularies Inc, of which Stephen Barnhill is the sole director.

Shares held by Nicholas Ingrassia are held by his spouse.

David Lenigas, Donald Strang and Hamish Harris resigned on the date of completion of the reverse take-over of the Company, 12 April 2021. Stephen Barnhill, Nicholas Barnhill, Nicholas Ingrassia and Kevin Sheil were appointed on 12 April 2021.

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).

DIRECTORS REPORT

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.

Going concern

As described in Note 2, the Consolidated Financial Statements have been prepared on a going concern basis. An operating loss has been reported of £2,530,556 and although the Group was in a net asset position of £2,962,608 at 31 December 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 has a high degree of uncertainty, in part due to current market volatility, they have a reasonable expectation that the Group will continue to be able to raise finance as required over this period despite the material uncertainty as discussed in the auditors report. Thus, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

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 16 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.

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 2 to these Financial Statements.

Events after the reporting period

Events after the reporting period are set out in Note 27 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 impact of the COVID-19 pandemic had little effect on the business operations of the Group during 2021: the Group continued its utilisation of phone communications and video conference facilities to minimise the risks participants were exposed to. Due to the continued success of global vaccination programmes and the widespread existence of online purchasing, the Directors do not believe that COVID-19 will have a significantly adverse impact on the Group in the foreseeable future.

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 30 June 2022 and signed on its behalf.

Stephen D Barnhill M.D
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 both the Isle of Man and 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 Apollon Formularies Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 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 UK-adopted international accounting standards.
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 31 December 2021 and of the group's loss for the year then ended; and
- have been prepared in accordance with UK-adopted international accounting standards.

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 in the financial statements, under the heading 'Going concern' concerning the ability of the Group to continue as a going concern. The Group's forecasts and projections indicate that the Group does not have sufficient cash reserves and will have to raise additional funds within twelve months of the date of the approval of these financial statements to continue its operations. The ability of the Group to raise additional funds is dependent upon investor appetite.

As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the 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 and parent company's ability to continue to adopt the going concern basis of accounting included

- Reviewing the cash flow forecasts prepared by management for the period up to July 2023 corroborating, providing challenge to key assumptions and reviewing for reasonableness;
- A comparison of actual results for the year to forecasts to assess the forecasting ability/accuracy of management;
- Reviewing post-year end RNS announcements; and
- Assessing the adequacy of going concern disclosures within the Annual Report and Financial Statements.

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 quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality for the financial statements as a whole applied to the group financial statements was £60,700 based on 2% of net assets. We based the materiality on gross assets because we consider this to be the most relevant performance indicator as it includes investment in the associate. The performance materiality for the group was £42,490. The materiality for the financial statements as a whole applied to the parent company financial statements was £54,000 (2020: £21,000) based on 2% of the net assets. The performance materiality for the parent company was £37,800 (2020: £12,600). For the component in the scope of our group audit, we allocated a materiality that was less than our overall group materiality. We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

We agreed with those charged with governance that we would report all differences identified during the course of our audit in excess of £3,035 (2020: £1,050) for the group.

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 in respect of the carrying values of the Company's investments and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluation whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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
Valuation, classification and impairment of Investments	
Following the reverse takeover acquisition in April 2021 (see the second Key Audit Matter below for further details), the carrying value of the parent company's investment in subsidiary as at 31 December 2021 was £41,362k (see note 23) and the carrying value of group's investment in associate is £2,380k (see note 25). There is a risk that the investment may not be fully recoverable and are thus materially overstated. Refer to Note 24 of the financial statements for the disclosure of significant accounting judgements, estimates assumptions in respect of the recoverability of the investment in the subsidiary and the amounts due from the loan to the subsidiary.	We performed the following procedures to address this identified risk: Obtained management's recoverable value assessment in respect of both the investment in the subsidiary and investment in the associate. Reviewed the assessment, ascertained and challenged the method, data and key assumptions applied by management Reviewed the post year-end performance, financial position, projected cashflows and other sources of data to assess whether there were any indicators that the recoverable values were less than their carrying value; and Through the performance of the aforementioned procedures, it was ascertained that Management believe the investment in the subsidiary and the associate as at the year-end are fully recoverable due to the positive developments made during the year and post year-end. From our review and challenge of this assessment and supporting information, this assessment was found to be appropriate and thus assurance has been gained that the investment in subsidiary and associate are not materially misstated.
Reverse takeover treatment and disclosure	
On 13 April 2021, the parent company acquired the entire share capital of Apollon Formularies Limited via a share for share exchange. Due to the complexity of the accounting for reverse takeovers, and the material value of that acquisition, there was a significant risk that the acquisition may not have been accounted for correctly or disclosed appropriately within the financial statements. Refer to Note 2 and 24 of the financial statements for details on the acquisition, including key terms, and the accounting treatment applied.	We performed the following procedures to address this identified risk: ▪ Obtained the agreements in respect of the transaction to ascertain the key terms of the transaction; ▪ Reviewed the accounting treatment and accounting entries of the reverse transaction in the group financial statements against the requirements of the financial reporting framework;

	▪ Reviewed and challenged the key assumptions, data and method applied in management's fair value assessment; ▪ Ensured disclosures in the financial statements were in accordance with the financial reporting framework; and ▪ Confirmed that any consideration in respect of milestones had been accounted for appropriately. Through the performance of the aforementioned procedures, we found that that the reverse take over was correctly assessed as falling outside of the scope of IFRS 3. It was also found that the acquisition was accounted for in accordance with IFRS 2 with a share based payment charge being recognised equal to the difference between the deemed cost of the investment and the net assets of Apollon Formularies Plc at the time of acquisition and a reverse acquisition merger being recognised.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and 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.

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's 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.

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,

INDEPENDENT AUDITORS REPORT

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 Market and Disclosure and Transparency Rules.

- 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 the component;
  - Reviewing board minutes; and
  - Review of regulatory news announcements made post year-end.

- 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 our engagement letter dated 29 April 2022. 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.

Zahir Khaki (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

30 June 2022

Apollon Formularies plc (formerly AfriAg Global plc)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

Continued operations	Note	For the year ended 31 December 2021 £	For the year ended 31 December 2020 £
Revenue	6	**197,671**	**-**
Cost of sales		-	-
Gross profit		**197,671**	**-**
Administrative expenses	7	(959,412)	(56,145)
Share on loss of an associate	25	(197,931)	(235,744)
Foreign exchange		6,723	(202,623)
Other net gains/(losses)	8	(241,344)	-
Operating (loss)		**(1,194,293)**	**(494,512)**
Impairment	24	(1,332,464)	-
Finance costs	9	(3,799)	(2,427)
Loss before tax		**(2,530,556)**	**(496,939)**
Tax credit/(expense)		-	-
Loss for the year		**(2,530,556)**	**(496,939)**
Other comprehensive income:			
Items that will or may be reclassified to profit or loss		**-**	-
Total comprehensive loss for the year attributable to the equity owners		**(2,530,556)**	**(496,939)**
Basic and diluted - pence	19	(0.462)	(0.287)
Weighted average number of ordinary shares parent			
Basic and diluted	19	548,102,705	173,166,503

Apollon Formularies plc (formerly AfriAg Global plc)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		Group		Company	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
	Note	£	£	£	£
Non-current assets					
Investment in Associate	25	2,379,981	2,157,310	402,189	-
Investment in Subsidiaries	23	-	-	41,362,023	1,160,000
		2,379,981	**2,157,310**	**41,764,212**	**1,160,000**
Current assets					
Trade and other receivables	13	360,657	240,857	336,460	9,004
Cash and cash equivalents	14	304,986	2,369	202,133	12,162
		665,643	**243,226**	**538,593**	**21,166**
Total assets		**3,045,624**	**2,400,536**	**42,302,805**	**1,181,166**
Current liabilities					
Trade and other payables	15	83,016	85,222	82,985	96,654
		83,016	**85,222**	**82,985**	**96,654**
Total liabilities		**83,016**	**85,222**	**82,985**	**96,654**
Net assets		**2,962,608**	**2,315,314**	**42,219,820**	**1,084,512**
Equity					
Share capital	17	-	17,344	-	-
Share premium	17	54,050,764	3,910,557	54,050,764	11,704,388
Share option reserve	17	85,363	-	85,363	-
Reverse acquisition reserve	24	(47,030,385)	-	-	-
Retained earnings		(4,143,134)	(1,612,587)	(11,916,307)	(10,619,876)
Total equity		**2,962,608**	**2,315,314**	**42,219,820**	**1,084,512**

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 £1,296,431 (31 December 2020: profit of £330,942).

The Financial Statements were approved and authorised for issue by the Board on 30 June 2022 and were signed on its behalf by:

Stephen D Barnhill M.D
Executive Chairman

Apollon Formularies plc (formerly AfriAg Global plc)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Share option reserve	Reserve acquisition reserve	Retained earnings	Total
	£	£	£		£	£
Balance as at 1 January 2020	**17,309**	**3,861,592**	**-**	**-**	**(1,115,648)**	**2,763,253**
(Loss) for the period	-	-	-	-	(496,939)	(496,939)
Total comprehensive (Loss) for the period	**-**	**-**	**-**	**-**	**(496,939)**	**(496,939)**
Issue of shares	35	48,965	-	-	-	49,000
Total transactions with owners, recognised directly in equity	**35**	**48,965**	**-**	**-**	**-**	**49,000**
Balance as at 31 December 2020	**17,344**	**3,910,557**	**-**	**-**	**(1,612,587)**	**2,315,314**

	Share capital	Share premium	Share option reserve	Reverse acquisition reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance as at 1 January 2021	**17,344**	**3,910,557**	**-**	**-**	**(1,612,587)**	**2,315,314**
(Loss) for the period	-	-	-	-	(2,530,556)	(2,530,556)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(2,530,556)**	**(2,530,556)**
Transfer to reverse acquisition reserve	(17,344)	(3,910,557)	-	(47,030,385)	-	(50,958,286)
Recognition of AfriAg plc equity at acquisition date	-	11,704,388	-	-	-	11,704,388
Share issue for acquisition	-	40,000,000	-	-	-	40,000,000
Share issue for cash	-	2,500,000		-	-	2,500,000
Share issue costs	-	(153,624)		-	-	(153,624)
Warrants issued	-	-	85,363	-	-	85,363
Total transactions with owners, recognised directly in equity	**(17,344)**	**50,140,207**	**85,363**	**(47,030,385)**	**-**	**3,177,841**
Balance as at 31 December 2021	**-**	**54,050,764**	**85,363**	**(47,030,385)**	**(4,143,134)**	**2,962,608**

Apollon Formularies plc (formerly AfriAg Global plc)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Share option reserve	Retained earnings	Total
	£	£	£	£	£
Balance as at 1 January 2020	**-**	**11,705,388**	**127,828**	**(11,078,646)**	**754,570**
(Loss) for the period	-	-	-	330,942	330,942
Total comprehensive (loss) for the period	**-**	**-**	**-**	330,942	330,942
Share issues costs	-	(1,000)	-	-	(1,000)
Transfer with equity	-		(127,828)	127,828	-
Total transactions with owners, recognised directly in equity	**-**	**(1,000)**	**(127,828)**	**127,828**	**(1,000)**
Balance as at 31 December 2020	**-**	**11,704,388**	**-**	**(10,619,876)**	**1,084,512**

	Share capital	Share premium	Share option reserve	Retained earnings	Total
	£	£	£	£	£
Balance as at 1 January 2021	**-**	**11,704,388**	**-**	**(10,619,876)**	**1,084,512**
(Loss) for the period	-	-	-	(1,296,431)	(1,296,431)
Total comprehensive loss for the period	**-**	**-**	**-**	**(1,296,431**	**(1,296,431)**
Share issue for acquisition	-	40,000,000	-	-	40,000,000
Share issue for cash	-	2,500,000	-	-	2,500,000
Share issue costs	-	(153,624)	-	-	(153,624)
Warrants issued	-	-	85,363	-	85,363
Total transactions with owners, recognised directly in equity	**-**	**42,346,376**	**85,363**	**-**	**42,431,739**
Balance as at 31 December 2021	**-**	**54,050,764**	**85,363**	**(11,916,307)**	**42,219,820**

Apollon Formularies plc (formerly AfriAg Global plc)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	For the year ended 31 December 2021 £	For the year ended 31 December 2020 £
Cash flows from operating activities			
Net (loss) for the year		**(2,530,556)**	**(496,939)**
Adjustments for:			
Interest expense		-	2,426
Shares issued for services		-	49,000
Share based payments	18	85,363	-
(Increase)/decrease in trade and other receivables		(24,768)	256,092
(Decrease)/increase in trade and other payables		(617,215)	(581)
Foreign exchange (gain)/loss		(18,406)	202,753
Net cash flows from operating activities		**(3,105,582)**	**12,751**
Investing activities			
Acquisition of Apollon Formularies PLC, net of cash acquired	24	1,332,464	-
Cash acquired upon acquisition of Apollon Formularies Ltd	24	17,542	-
Loans granted to associate	25	(402,189)	(291,288)
Loss from associate	25	197,931	235,745
Net cash inflow/(outflow) in investing activities		**1,145,748**	**(55,543)**
Financing activities			
Proceeds from share issue	17	2,500,000	-
Cost of share issue	17	(153,624)	-
Loan repayments		(83,925)	(30,000)
Proceeds from borrowings		-	71,500
Net cash inflow/(outflow) in financing activities		**2,262,451**	**41,500**
Net increase/(decrease) in cash and cash equivalents		**302,617**	**(1,292)**
Cash and cash equivalents at beginning of period		2,369	3,661
Cash and cash equivalents and end of period		**304,986**	**2,369**

Major non-cash transactions

On 13 April 2021, the proposed reverse takeover of Apollon Formularies Limited had completed. The Company acquired the full share capital of Apollon Formularies Limited via the issuance of 666,666,666 shares based on 3.95 consideration shares being issued for every 1 ordinary share in Apollon Formularies Limited. The acquisition constitutes a reverse acquisition as the shareholders of Apollon Formularies Limited will acquire control of Apollon Formularies Plc (formerly AfriAg Global plc).

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	For the year ended 31 December 2021 £	For the year ended 31 December 2020 £
Cash flows from operating activities			
Net profit/(loss) for the year		**(1,296,431)**	**330,942**
Adjustments for:			
Share based payments	18	85,363	-
(Increase)/decrease in trade and other receivables		(230,977)	4,242
(Decrease)/increase in trade and other payables		(109,986)	(427,621)
Net cash flows from operating activities		**(1,552,031)**	**(92,437)**
Investing activities			
Loans granted to associate	25	(402,189)	-
Loans granted to subsidiary	23	(202,023)	-
Receipts on sale of investments		-	7,130
Net cash inflow/(outflow) in investing activities		**(604,212)**	**7,130**
Financing activities			
Proceeds from share issue	17	2,500,000	-
Cost of share issue	17	(153,624)	(1,000)
Net cash inflow/(outflow) in financing activities		**2,346,376**	**(1,000)**
Net increase/(decrease) in cash and cash equivalents		**190,133**	**12,162**
Cash and cash equivalents at beginning of period		12,000	86,307
Cash and cash equivalents and end of period		**202,133**	**98,469**

Major non-cash transactions

On 13 April 2021, the proposed reverse takeover of Apollon Formularies Limited had completed. The Company acquired the full share capital of Apollon Formularies Limited via the issuance of 666,666,666 shares based on 3.95 consideration shares being issued for every 1 ordinary share in Apollon Formularies Limited. The acquisition constitutes a reverse acquisition as the shareholders of Apollon Formularies Limited will acquire control of Apollon Formularies Plc (formerly AfriAg Global plc).

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Apollon Formularies Plc is a medicinal cannabis pharmaceutical company incorporated and registered in the Isle of Man. The Company's registered office is 34 North Quay, Douglas, Isle of Man, IM1 4LB. The Company's ordinary shares are traded on the AQSE Exchange Growth Market as operated by Aquis Stock Exchange Ltd ("AQSE").

Information on the Group's structure is provided in Note 23. Information on other related party relationships of the Group is provided in Note 22.

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 consolidated 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 UK-adopted international accounting standards 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 January 2021, the Company adopted IAS 1, IFRS 7, IFRS 9, IAS 8 (amendments) definition of material, IFRS 3 (amendments) business combinations and Amendments to References to the Conceptual Framework in IFRS Standards, as well as Amendments to Interest Rate Benchmark Reform in IFS 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 31 December 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
IAS 16 (amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
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
IFRS 17	Insurance Contracts	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 consolidated Financial Statements have been prepared on a going concern basis with a material uncertainty. The Directors believe funds can continue to be raised from the capital markets to support any working capital shortfalls. The Directors have a reasonable expectation that the Group and Company will continue to be able to raise finance as required and 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 parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

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. Investments in subsidiaries

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision. The financial statements of the subsidiary are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

2.6. Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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. 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.

2.9. 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.

2.10. 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.

Reserve acquisition reserve – represents a non-distributable reserve arising on the acquisition of Apollon Formularies Limited;

2.11. 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

2.12. 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.

2.13. 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.

2.14. 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.

2.15. Finance income and cost

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

2.16. 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 model. The 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.

2.17. Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the Income Statement.

For the purpose of impairment testing, goodwill acquired in a business combination or reverse takeover is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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 will continue to be able to raise finance as required over this period to enable it 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.

Reverse takeover accounting

When considering how the acquisition of Apollon Formularies Limited via a reverse takeover should be accounted for, the Directors have been required to make a judgment on whether the acquisition falls within the scope of IFRS 3 or not. The directors assessed the accounting acquiree, Apollon Formularies Plc, at the time of acquisition to not be a business as defined by IFRS 3. As a result, the acquisition was assessed as falling outside the scope of IFRS 3. Refer to Note 24 for commentary on how the reverse takeover was accounted for.

5. Dividends

No dividend has been declared or paid by the Group during the year ended 31 December 2021 (31 December 2020: £Nil).

NOTES TO THE FINANCIAL STATEMENTS

6. Revenue from contracts with customers

	Group	
	For the year ended 31 December 2021 £	For the year ended 31 December 2020 £
Consultancy services	197,671	-
	197,671	**-**

Consultancy services were provided to Apollon Formularies Jamaica Limited, an associate of the Group.

7. Administrative Expenses

	Group	
	For the year end 31 December 2021 £	For the year end 31 December 2020 £
Directors' salaries	222,222	-
Directors' benefits	31,747	
Employee salaries and wages	54,571	-
Audit	46,500	-
Accountancy	3,700	-
Exchange fees	22,553	-
Consulting and professional	388,708	53,293
Insurance	45,502	-
Office and administration	19,743	982
Travel and entertainment	17,263	-
Share based payments	85,363	-
Advertising and marketing	11,548	-
Other	9,992	1,870
Total administrative expenses	**959,412**	**56,145**

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

	Group	
	For the year ended 31 December 2021 £	For the year ended 31 December 2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company and Consolidated Financial Statements	46,500	-
	46,500	**-**

8. Other net gains/(losses)

	Group	
	For the year ended 31 December 2021	For the year ended 31 December 2020
	£	£
Loss of CBev option and loan	(218,910)	-
Gain on debt settlement of Directors fees	11,239	-
Other losses	(33,673)	-
	(241,344)	**-**

During the year the right to purchase option to acquire CBev Ventures Inc was allowed to expire and subsequently the receivable was written off.

9. Finance Costs

	Group	
	For the year ended 31 December 2021	For the year ended 31 December 2020
	£	£
Interest on loans	3,799	2,427
	3,799	**2,427**

10. Employee benefits expense

	Group	
	For the year ended 31 December 2021	For the year ended 31 December 2020
	£	£
Salaries and wages	46,889	-
Social security contributions and similar taxes	6,937	-
Other employment costs	745	-
	54,571	**-**

11. Directors' remuneration

At at 31 December 2020

	Fees and Salaries £	Written off Salary Payments	For the year ended 31 December 2020
		£	£
David Lenigas	-	(179,000)	(179,000)
Donald Strang	10,000	(95,000)	(85,000)
Hamish Harris	10,000	(130,000)	(120,000)
	20,000	**(404,000)**	**(384,000)**

At at 31 December 2021

	Fees and Salaries £	Benefits in kind £	For the year ended 31 December 2021 £
Nicholas Ingrassia	9,478	-	9,478
Stephen Barnhill	195,097	31,747	226,844
Nicholas Barnhill	9,000	-	9,000
Kevin Sheil	8,647	-	8,647
	222,222	**-**	**253,969**

Nicholas Ingrassia's fees for the period, totalling £9,478, have been accrued and remain unpaid as at 31 December 2021.

Stephen Barnhill's fees and benefits in kind are paid to Apollon Formularies Inc of which Stephen Barnhill is the sole director. Notwithstanding a fee of £195,097 was paid for the year ended 31 December 2021 to Apollon Formularies Inc are for the services of two Executives being a Chief Executive Officer (Stephen Barnhill Snr) and the Chief Operating Officer (Stephen Barnhill Jnr). A further £31,747 was paid to Apollon Formularies Inc for health insurance costs.

Nicholas Barnhill fees are paid via Apollon Formularies Inc.

David Lenigas, Donald Strang and Hamish Harris resigned on the date of completion of the reverse take-over of the Company, 12 April 2021. Stephen Barnhill, Nicholas Barnhill, Nicholas Ingrassia and Kevin Sheil were appointed on 12 April 2021.

12. Taxation

	For the year end 31 December 2021 £	For the year end 31 December 2020 £
Total Current tax	-	-
Total tax in the Income Statement - credit/(expense)	-	-

The tax charges for the period use the standard rate applicable in the Isle of Man of 0% (2020– 0%).

	For the year end 31 December 2021 £	For the year end 31 December 2020 £
Profit/(loss) on ordinary activities before tax	**(2,530,556)**	**330,942**
Tax on loss on ordinary activities at standard CT rate of 0%	**-**	**-**
Profit/(Losses) arising in territories where no tax is charged	**(2,530,556)**	**330,942**

13. Trade and other receivables

Current:

	Group		Company	
	For the year end 31 December 2021	For the year end 31 December 2020	For the year end 31 December 2021	For the year end 31 December 2020
	£	£	£	£
Trade receivables	197,671	-	197,671	673
Prepayments	6,604	-	6,604	8,331
VAT receivables	120,429	21,946	96,483	-
Other receivables	35,953	218,911	35,702	-
	360,657	**240,857**	**336,460**	**9,004**

14. Cash and cash equivalents

	Group		Company	
	For the year end 31 December 2021	For the year end 31 December 2020	For the year end 31 December 2021	For the year end 31 December 2020
	£	£	£	£
Cash at bank and on hand	304,986	2,369	202,133	12,162
	304,986	**2,369**	**202,133**	**12,162**

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

15. Trade and other payables

Current:	Group		Company	
	For the year end 31 December 2021	For the year end 31 December 2020	For the year end 31 December 2021	For the year end 31 December 2020
	£	£	£	£
Trade payables	32,269	1,298	32,238	10,388
Accrued liabilities	50,747	-	50,747	-
Directors Loan	-	32,289	-	-
Tax and payroll	-	-	-	1,266
Other creditors	-	51,635	-	85,000
	83,016	**85,222**	**82,985**	**96,654**

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

16. Financial instruments by category

Consolidated	For the year end 31 December 2021	
	At amortised cost	Total
Assets per Statement	£	£
Trade and other receivables (excluding prepayments)	354,053	354,053
Cash and cash equivalents	304,986	304,986
	659,039	**659,039**

	At amortised cost	Total
Liabilities per Statement	£	£
Trade and other payables (excluding non-financial liabilities)	32,289	32,289
	32,289	**32,289**

Company	For the year end 31 December 2021	
	At amortised cost	Total
Assets per Statement	£	£
Trade and other receivables (excluding prepayments)	329,856	329,856
Cash and cash equivalents	202,133	202,133
	531,989	**531,989**

	At amortised cost	Total
Liabilities per Statement	£	£
Borrowings (excluding finance leases)	-	-
Trade and other payables (excluding non-financial liabilities)	32,238	32,238
	32,238	**32,238**

The Company's financial instruments comprise cash at bank and payables which arise in the normal course of business. It is, and has been throughout the period under review, the Company's policy that no speculative trading in financial instruments shall be undertaken. The Company has been solely equity funded during the period. As a result, the main risk arising from the Company's financial instruments is currency risk. The Company's financial instruments are held at fair value through profit or loss.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 of the accounts.

Interest rate risk and liquidity risk
As the Company has no borrowings, it only has limited interest rate risk. The impact is on income and operating cash flow and arises from changes in market interest rates. Cash resources are held in current, floating rate accounts.

Currency risk
The Directors consider that there is no significant currency risk faced by the Company The Company is denominated in pound sterling. Apollon Formularies Jamaica, has currency exposure to Jamaican dollars. As the interest in this entity is 49% this is not considered a significant risk to the Company

NOTES TO THE FINANCIAL STATEMENTS

Fair values
Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash held by the company with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

The directors consider there to be no material difference between the book value of financial instruments and their values at the balance sheet date.

17. Share capital and share premium

	Number of shares	Share capital	Share premium	Total
		£	£	£
Issued and fully paid				
As at 31 December 2019	**31,360,011**	**17,309**	**3,861,592**	**3,878,901**
Issue of Shares	350,000	35	48,965	49,000
As at 31 December 2020	**31,710,011**	**17,344**	**3,910,557**	**3,927,901**
Transfer to reverse acquisition reserve	(31,710,011)	(17,344)	(3,910,557)	(3,927,901)
Recognition of AfriAg plc equity at acquisition date	31,710,011	-	11,704,388	11,704,388
13 April 2021 – Investment in Apollon Limited	666,666,666	-	40,000,000	40,000,000
14 April 2021	50,000,000	-	2,500,000	2,500,000
Cost of capital	-	-	(153,624)	(153,624)
As at 31 December 2021	**748,376,677**	**-**	**54,050,764**	**54,050,764**

On 27 November 2019 at a General Meeting of the AfriAg plc it was approved that the Ordinary Shares were consolidated to new Ordinary Shares with no par value. Therefore the share capital balance at 31 December 2021 is nil. Due to the reverse takeover, the share capital comparative stated in 2019 and 2020 is that of Apollon Formularies Limited.

On 13 April 2021, the proposed reverse takeover of Apollon Formularies Limited had completed. The Company acquired the full share capital of Apollon Formularies Limited via the issuance of 666,666,666 shares based on 3.95 consideration shares being issued for every 1 ordinary share in Apollon Formularies Limited. The acquisition constitutes a reverse acquisition as the shareholders of Apollon Formularies Limited will acquire control of Apollon Formularies Plc (formerly AfriAg Global plc).

On 13 April 2021, the Company issued 50,000,000 Ordinary Shares at a price of 5 pence per share raising a total of £2,500,000

18. 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 £	31 December 2021	31 December 2020
13/04/2021	13/04/2026	0.055	4,000,000	-

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
Granted on:	13/04/2021
Life (years)	5 years
Exercise price (pence per share)	5.5 p
Risk free rate	1.56%
Expected volatility	24.40%
Expected dividend yield	-
Marketability discount	20%
Total fair value (£000)	85,363

The expected volatility of the 2021 warrants has been calculated based on volatility for the six month period post the date of grant due to unavailability of data. The risk-free rate of return is based on zero yield government bonds for a term consistent with the warrant life. A reconciliation of warrants granted over the period to 31 December 2021 is shown below:

	31 December 2021		31 December 2020	
	Number	**Weighted average exercise price (£)**	Number	Weighted average exercise price (£)
Outstanding at beginning of period	**-**	**-**	**-**	**-**
Granted	4,000,000	0.055	-	-
Outstanding as at period end	**4,000,000**	**0.055**	**-**	**-**
Exercisable at period end	**4,000,000**	**0.055**	**-**	**-**

	31 December 2021				31 December 2020			
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)
0.05 – 0.15	0.055	4,000,000	4.2	4.2	-	-	-	-

During the period there was a charge of £85,363 (31 December 2020: £Nil) in respect of and warrants.

19. Earnings per share

For the period ended 31 December 2021, the calculation of the total basic loss per share of (0.462) pence is calculated by dividing the loss attributable to shareholders of £2,530,556 by the weighted average number of ordinary shares of 548,102,705 in issue during the period.

20. 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.

21. Capital Commitments and Contingencies

The Group is not aware of any material personal injury or damage claims open against the Group. There are no non-cancellable capital commitments as at the balance sheet date. The Company has no contingent liabilities at the balance sheet date.

22. Related party transactions

Loan from Apollon Formularies Plc to Apollon Formularies Limited

As at 31 December 2021 there were amounts receivable of £202,023 from Apollon Formularies Limited.

All intra Group transactions are eliminated on consolidation.

Loan from Apollon Formularies Plc to Apollon Formularies Jamaica Ltd

As at 31 December 2021 there were amounts receivable of £402,189 from Apollon Formularies Jamaica.

Loan from Apollon Formularies Limited to Apollon Formularies Jamaica Ltd

As at 31 December 2021 there were amounts receivable of £1,813.705 from Apollon Formularies Jamaica Ltd.

Loan from Apollon Formularies Plc to Docs Place International Inc

As at 31 December 2021 there were amounts receivable of £20,383 from Docs Place International Inc. Docs Place International Inc shares a common director being Stephen Barnhill.

Other transactions

Apollon Formularies Inc a company of which Stephen Barnhill is a director, was paid a fee of £195,097 for the services of two Executives being a Chief Executive Officer (Stephen Barnhill Snr) and the Chief Operating Officer (Stephen Barnhill Jnr). A further £31,747 was paid to Apollon Formularies Inc for health insurance costs.

Nicholas Barnhill’s fees of £9,000 for the year ended 31 December 2021 were paid via Apollon Formularies Inc.

23. Investments in subsidiary undertakings

	Company 31 December 2021 £
Shares in Group Undertakings	
At beginning of period	**1,160,000**
Investment during period	40,000,000
At end of period	**41,160,000**
Loans to Group Undertakings	
At beginning of period	**-**
Loan during period	202,023
At end of period	**202,023**
Total	**41,362,023**

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.

In the prior year, Shares in Group undertakings were classified as a Level 3 Financial Investment with this being reclassified due to the acquisition of Apollon Formularies Limited. Refer to Note 24.

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
Apollon Formularies Ltd	England & Wales	100%	100%	Medical cannabis pharmaceutical

Apollon Formularies Ltd holds a 49% indirect interest in Apollon Formularies Jamaica Ltd.

24. Reverse Acquisition

On 13 April 2021 the Group acquired 100% of the share capital of Apollon Formularies Limited (the 'Legal Subsidiary') for 666,666,666 Consideration Shares at a deemed valuation of 6 pence per share, valuing the Company at £40,000,000, in addition to an investment of £1,160,000 already held in Apollon Formularies Limited. Through this acquisition of the Legal Subsidiary, the Group acquired a 49% interest in Apollon Formularies Jamaica Limited ("Apollon Jamaica") a company incorporated in Jamaica. As a result of the acquisition the Group will be able to conduct operations in the medicinal cannabis pharmaceutical sector.

The acquisition has been treated as a reverse acquisition and hence accounted for in accordance with IFRS 2. Although the transaction resulted in Apollon Formularies Limited becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition as the previous shareholders of Apollon Formularies Limited own a substantial majority of the Ordinary Shares of the Company and the executive management of Apollon Formularies Limited became the executive management of Apollon Formularies Plc. In substance, the shareholders of Apollon Formularies Limited acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. The reverse acquisition falls under IFRS 2 rather than IFRS 3 as the activities of Apollon Formularies plc (previously AfriAg plc and the 'Legal Parent') do not constitute a business.

The following table summaries the consideration paid for the Legal Parent through the reverse acquisition and the amounts of the assets acquired and liabilities assumed on the acquisition date. The financial comparatives relate to Legal Subsidiary rather than the Legal Parent as the consolidated financial statements represent a continuation of the financial statements of the Legal Subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

In accordance with IFRS 2, the value of obtaining the listing under a reverse acquisition is calculated on the net assets of the legal parent. The share based payment of £1,332,464 arising from the acquisition is attributable to the value of the parent company being an AQSE listed entity to the Legal Subsidiary.

Consideration at 13 April 2021	**£**
Equity instruments in issue (31,710,011 ordinary shares £0.06 each)	1,902,600
Total consideration	1,902,600

Recognise amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	17,542
Trade and other receivables	1,163,047
Trade and other payables	(610,452)
Total identified net assets	**570,136**
Share based payment for obtaining listing	**1,332,464**

In a reverse acquisition the acquisition date fair value of the consideration transferred by the Legal Subsidiary is based on the number of equity instruments that the Legal Subsidiary would have had to issue to the owners of the Legal Parent to give the owners of the Legal Parent the same percentage of equity interests that results from the reverse acquisition. However, in the absence of a reliable valuation of the Legal Subsidiary, the cost of the reverse acquisition was calculated using the fair value of all the pre-acquisition issued equity instruments of the Legal Parent as at the date of the acquisition. The fair value was based on the published price of the Legal Parent shares immediately prior to the acquisition being £0.06 per share.

Acquisition related costs of £437,667 were recognised in the Legal Parent’s profit or loss. These costs were incurred prior to the date of the acquisition and have therefore been eliminated on consolidation along with other pre-acquisition losses in the Legal Parent in accordance with the requirements of IFRS 2.

The fair values of the recognised amounts of identifiable assets acquired and liabilities assumed equate to their carrying values as stated above.

The Legal Parent did not contribute any revenue to the Group since the acquisition on 13 April 2021. The Group statement of comprehensive income includes an operating loss of £2,530,556 in the period since acquisition, which is attributable to the Legal Parent. Had the Legal Parent been consolidated from 1 January 2021, the consolidated statement of comprehensive income would show revenue of £nil and a loss of £3,014,420.

The following table summarises the movements in the Reverse Acquisition Reserve for the period

	£
Opening balance	-
Investment in Legal Subsidiary	(41,160,000)
Elimination of Legal Parent share capital	3,927,901
Share based payment	1,332,464
Transfer of pre-acquisition retained losses	(11,130,750)
	(47,030,385)

25. Associate

On 28 September 2018, the Legal Subsidiary acquired a right to receive a 49% equity interest in Apollon Formularies Jamaica Limited (“Apollon Jamaica”), a company incorporated in Jamaica, upon approval by the Cannabis Licensing Authority (CLA) of Jamaica for Company to so own such equity in a medically licensed cannabis company. In the interim, the Company entered into a contract with Apollon Jamaica whereby the Company receives 95% of the net profits of Apollon Jamaica. The Legal Subsidiary also entered into a contract with its shareholder, Stephen D. Barnhill, M.D., who is the person presently recognised as the owner of such 49% equity interest in Apollon Jamaica, that he: (i) pledges to assign such equity to Company upon CLA approval of Company being an owner, (ii) commits to vote the equity he holds in Apollon Jamaica in accordance with such assignment obligation to the extent permitted by law, and (iii) will participate as a director of Apollon Jamaica and act when voting in a way that is consistent with such equity commitments to the Company to the extent permitted by law.

Apollon Jamaica is accounted for as an associate because the Legal Subsidiary has significant influence over it, has a representative serving as a director who participates in its policy-making process, and has engaged in material transactions with it that includes loans and a right to receive 95% of its profits. These factors have been determined to be sufficient to meet the requirements of IAS 28 even though the Company does not presently own any equity in Apollon Jamaica and, once it does, will only receive a 49% share of the return on investment (which will come from the 5% net income) and only have 49% voting rights. As an associate, Apollon Jamaica is accounted for on an equity accounting basis.

The carrying value of the investment in the associate is determined as follows:

	31 December 2021 £	31 December 2020 £
Opening balance	**2,157,310**	**2,304,520**
Share of loss in associate	(197,931)	(235,745)
Loans granted	402,189	291,288
Foreign exchange	18,413	(202,753)
Closing balance	**2,379,981**	**2,157,310**

The Company's share of Apollon Jamaica result for the year was a loss of £197,931 (2020: loss of £235,745) of a total loss of £403,941 (2020: total loss of £481,112).

The associate had no contingent liabilities or capital commitments as at 31 December 2021 and 2020.

The following table illustrated the summarised financial information of Apollon Formularies Jamaica Limited at 31 December 2021.

	31 December 2021 £
Current assets	24,893
Non-current assets	2,441
Current liabilities	-
Non-current liabilities	402,189
Equity	374,854

	31 December 2021 £
Revenue	13,958
Cost of sales	(6,568)
Administrative expenses	(411,330)
Loss before tax	**(403,941)**

26. Ultimate Controlling Party

The Directors believe there is no ultimate controlling party.

27. Events After the Reporting Date

On 2 March 2022, the Company announced an agreement with Tri-Medi Canna Pty Ltd to enter in a Joint Venture. As part of this agreement Tri-Medi Canna will become a shareholder in Apollon via share subscription totalling £300,000 over two tranches, the first of which will be for £150,000 at 2.5p per share

On 17 June 2022, the Company issued 4,348,679 new Ordinary Shares of the Company for a price of £0.0625 per share for a total of £288,099 as consideration for the acquisition of intellectual property from Aion Therapeutics Inc.