Annual Report and Accounts

for the period ended 31 December 2021

for

CELADON PHARMACEUTICALS PLC

(FORMERLY SUMMERWAY CAPITAL PLC)

Registered No. 11545912

CELADON PHARMACEUTICALS PLC
(FORMERLY SUMMERWAY CAPITAL PLC)

Contents of the Financial Statements
For the period ended 31 December 2021

CELADON PHARMACEUTICALS PLC
(FORMERLY SUMMERWAY CAPITAL PLC)

Company Information
For the period ended 31 December 2021

DIRECTORS, SECRETARY AND ADVISERS

Directors	Alexander Anton (resigned 15 January 2021, re-appointed 28 March 2022) Benjamin Shaw (resigned 28 March 2022) David Firth Elizabeth (Liz) Shanahan (appointed 21 September 2021) Mark Farmiloe (resigned 15 January 2021) Vinodka (Vin) Murria OBE (appointed 15 January 2021, resigned 21 September 2021) Paul Gibson (appointed 15 January 2021, resigned 21 September 2021) Anthony (Tony) Morris (appointed 15 January 2021, resigned 21 September 2021) James (Jim) Short (appointed 28 March 2022) Kathleen (Katie) Long (appointed 28 March 2022) Robert (Robbie) Barr (appointed 28 March 2022) Dr Steven Hajioff (appointed 28 March 2022)
Company Secretary	Cheryl Warren (resigned 15 January 2021) Kerin Williams (appointed 15 January 2021)
Registered Office	32-33 Cowcross Street London EC1M 6DF
Registered Number	11545912
Nominated Adviser and Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Auditor	RSM UK Audit LLP 20 Chapel Street Liverpool L3 9AG
Solicitors to the Company	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place, 78 Cannon Street London EC4N 6AF
Principal Bankers	Barclays Bank Plc Level 4 1 Snowhill Queensway Birmingham B4 6GN
Registrar	Link Market Asset Services Limited 10th Floor Central Square Wellington Street Leeds LS1 4DL

CELADON PHARMACEUTICALS PLC

(FORMERLY SUMMERWAY CAPITAL PLC)

Group Strategic Report
For the period ended 31 December 2021

INTRODUCTION

We are pleased to present the financial results for Summerway Capital Plc ("Summerway" or the "Company") for the 16 month period ended 31 December 2021, following the change in the Company's financial year end to 31 December as announced on 29 November 2021, and prior to its change of name to Celadon Pharmaceuticals Plc, which occurred post period end on 28 March 2022.

The financial period ended 31 December 2021 has been one of significant change for the Company, culminating in the completion of its inaugural acquisition post the period end in March 2022 of Vertigrow Technology Ltd ("Vertigrow" t/as "Celadon"). Vertigrow is one of the first pharmaceutical companies in the UK to receive a Home Office licence to grow high tetrahydrocannabinol ("THC") cannabis for the purpose of producing test batches of cannabis oil to support its application to the Medicines and Healthcare products Regulatory Agency for registration as a manufacturer of medicinal product active pharmaceutical ingredients, which will be used in medicinal products, initially focusing on chronic pain. The acquisition provides the Company with an exciting entry point into the growing, highly regulated UK market for medicinal cannabis and a compelling foundation from which accretive and complementary M&A opportunities can be executed alongside Vertigrow's existing organic growth initiatives.

Since establishing the Company on AIM in 2018, as a team we have remained focused and determined in seeking to secure high quality management teams and exciting opportunities with the potential to deliver significant value for our loyal Shareholders, most of whom have supported us since our IPO.

In January 2021, we amended the Company's then investing policy to focus on investment and acquisition opportunities across the software, Software-as-a-Service and digital technologies and services sectors. In conjunction with the change in strategy, a number of directorate changes occurred, including the appointment of Vin Murria as Chairman of the Company, and Paul Gibson and Tony Morris as Non-Executive Directors, and the resignations of Alexander Anton and Mark Farmiloe. The Company also raised an additional £1.7 million through a placing at that time.

During the period, it became clear that securing a technology asset of sufficient size and scale, and at an appropriate valuation level was going to be challenging in the near term given the prevailing market conditions. Whilst this was disappointing, certain other sector opportunities presented themselves to the Directors, which despite being outside of the Company's technology focus, were attractive options for the Company's existing Shareholders to consider. Specifically, opportunities across the healthcare and pharmaceutical sector, and in particular, the emerging therapeutic areas.

As a result, in September 2021 the Company proposed a further change in its strategic direction away from the technology sector. The Company announced the resignations of Vin Murria, Paul Gibson and Tony Morris, with Benjamin Shaw taking over as interim Chairman of Summerway, and the appointment of Liz Shanahan as independent Non-Executive Director. Liz is a life sciences entrepreneur with extensive experience advising leading global pharmaceutical and healthcare organisations, and her skill set continues to be a valuable addition to the Board as we execute the Company's new growth strategy. At the same time, trading in Summerway's shares were suspended as a result of discussions with an immediate opportunity within the healthcare and pharmaceutical sector, that if successful, would be classified as a reverse takeover under the AIM Rules and therefore subject to shareholder consent.

In October 2021, Summerway Shareholders approved the Company's new investment policy and the pivot towards the healthcare and pharmaceutical sector. On 28 October 2021, the Company announced the proposed acquisition of Vertigrow for £80 million consideration and a proposed placing. Concurrently, the Company also made available a loan of up to £4.25 million to Vertigrow in order to accelerate its capital expenditure in its Midlands based facility ahead of completion of the proposed acquisition.

In February 2022, the Company published its Admission Document and posted the circular to Shareholders calling the general meeting pertaining to the proposed acquisition of Vertigrow and a proposed placing. At the same time, trading in Summerway's shares was restored.

In March 2022 at the Company's general meeting, Shareholders of Summerway approved the acquisition of Vertigrow, the associated placing (which raised gross proceeds of £8.5 million) and issuance of consideration shares to the Vertigrow vendors, among other matters. On 28 March 2022, the acquisition of Vertigrow completed, the Company's name was changed to Celadon Pharmaceuticals Plc, and the enlarged share capital of the Company was admitted to trading on AIM.

As part of the Company's re-admission process to AIM, we reconstituted the Board of the Company, and we would like to take this opportunity to welcome new executive and non-executives to the Board, including Jim Short, Founder and CEO of Vertigrow as Chief Executive Officer, Katie Long as Chief Financial Officer, Robbie Barr as Senior Independent Non-Executive Director and Steve Hajioff as Independent Non-Executive Director, working alongside Alexander Anton as Non-Executive Chairman, and our existing Independent Non-Executive Directors, David Firth and Liz Shanahan.

We would also like to thank Ben Shaw for his role as a director of Summerway from our initial AIM IPO in 2018, and his recent stewardship of the Company as Interim Chairman, which has been invaluable as we have navigated this critical period in the Company's development.

BUSINESS REVIEW

For the financial period ended 31 December 2021, the Group has actively pursued its investment policy, which culminated in the announcement of its proposed acquisition of Vertigrow on 28 October 2021, which subsequently completed on 28 March 2022.

During the period, Summerway recorded a loss of £720,369 (2020: £174,511) and the loss per share was 9.60p (2020: 2.85p). The Company had cash reserves at the end of the period (and therefore prior to the recently completed placing) of £4,462,965 (2020: £5,487,991) after taking into account a loan made to Vertigrow in the period of £2,125,000. The step up in losses were as a result of increased M&A activity and a portion of transaction expenses being incurred and settled in pursuit of the Company's inaugural acquisition which completed on 28 March 2022.

Following completion of the placing associated with the Vertigrow acquisition and after costs, Summerway held unaudited cash balances of £12.1 million as at 22 April 2022.

Post the period end, and following completion of the acquisition of Vertigrow, the Company ceased to be an investing company under the AIM Rules, and as such, is no longer required to seek approval for its investing policy annually from Shareholders at its AGM.

The Company's principal risks and uncertainties are included below within Risk Management and further in the Chairman's Statement on Corporate Governance on pages 5 and 6.

FUTURE DEVELOPMENTS

Following the completion of the acquisition of Vertigrow, as a Board we are committed to executing the ambitious growth plan for the Group, as well as remaining cognisant of accretive investment and acquisition opportunities, which can augment organic growth and provide for tangible operational synergies.

KEY PERFORMANCE INDICATORS

The Board seeks to maximise shareholder value by investing in, acquiring and growing businesses with high growth potential within the healthcare and pharmaceutical sector, particularly emerging therapeutic areas.

As a result of the acquisition of Vertigrow, the Board are reviewing a number of KPI's to assess their suitability for use as an enlarged Group once the results of Vertigrow are consolidated into the Group accounts for the six month period ending 30 June 2022.

RISK MANAGEMENT

In order to execute the Group's strategy, the Company and its subsidiaries will be exposed to both financial and non-financial risks. The Board has overall responsibility for the Group's risk management and it is the Board's role to consider whether those risks identified by management are acceptable within the Group's strategy and risk appetite. The Board therefore regularly reviews the principal risks and considers how effective and appropriate the controls that management has in place to mitigate the risk exposure are and will make recommendations to management accordingly.

Financial Risk Management

The Directors consider the Group to be exposed to the following financial risks:

a. Price risk: the price paid for securities is subject to market movement that will have an impact on the operations of the Group;
b. Cash flow interest rate risk: the Group has significant cash balances which exposed it to movement in the market interest rates; and
c. Liquidity risk: the Group manages its cash requirements in order to maximise interest income.

Given the relatively small size and operation of the Group in the period, the Directors have not delegated the responsibility of risk monitoring to a sub-committee of the Board, but will closely monitor the risks on a regular basis. The Directors consider their exposure in the financial period to have been low. Refer to Note 19 for assessment of the risks arising from financial instruments.

Non-financial Risk Management

The non-financial risk factors for the period ended 31 December 2021 did not materially change from those set out in the Summerway's Admission Document dated 19 October 2018.

S 172 STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. Directors need to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the Company's employees;
- Need to foster the Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the Company.

In discharging their section 172 duties the Board consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company and has regards to the factors set out above as well as other factors which they consider relevant to the decision being made. In particular, as noted above, the Board resolved to seek shareholder approval for investment policy changes during the period in order to secure certain acquisition opportunities which the Board believe have the potential to deliver value to the Company's Shareholders. In doing so, primary consideration was given to the Company's Shareholders and their interests both formally at the General Meetings held during the period, and informally through regular engagement. Furthermore, in support of the revised strategy a number of directorate changes occurred in order to position the Company with a suitably qualified and experienced leadership team with appropriate industry expertise, which has the responsibility for executing the Group's strategy.

This Group Strategic Report on pages 2 to 4 was approved by the Board of Directors on 28 April 2022 and signed on behalf of the Board of Directors by:

David Firth
Director

28 April 2022

CELADON PHARMACEUTICALS PLC

(FORMERLY SUMMERWAY CAPITAL PLC)

Corporate Governance Report
For the period ended 31 December 2021

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

As Chairman, my role includes upholding the highest standards of corporate governance throughout the Group, particularly at the Board level. It therefore gives me great pleasure to introduce our Governance Statement.

The Principles of Corporate Governance

As a Board we aim to deliver the highest standards of corporate governance and recognise its importance in supporting our strategic goals and long-term success. The Board annually reviews the Company's corporate governance framework and we continue to deem it appropriate to adopt the Quoted Companies Alliance Code ("QCA Code"), where practicable for the Company to do so.

The QCA Code aims to apply the key elements of the UK Corporate Governance Code and other relevant governance guidance to the needs of small and medium-sized listed PLCs and therefore we continue to consider that the QCA Code is the most appropriate governance code for the Group and we remain committed to applying the QCA Code in a way which best serves our stakeholders. We explain further how we adhere to the ten principles of the QCA Code on the Company's website at https://celadonpharma.co.uk/investors/board-and-governance/.

The Board has collective responsibility for setting the strategic aims and objectives of the Group. These aims are articulated in the Group Strategic Report in the Annual Report.

Delivering growth

The Company was incorporated in August 2018 as an investing company, and in January 2021, changed its strategy to focus on investment and acquisition opportunities across the technology sector. During this time, the Directors of the Company and its advisers remained cognisant of investment and acquisition opportunities that whilst outside of the Company's investing policy at the time, could be considered attractive options for the Company's existing Shareholders, many of which invested at the Company's original AIM Admission.

As a result of the Company being presented with certain opportunities in the healthcare and pharmaceutical sector, specifically, emerging therapeutic areas, in September 2021, the Directors received Shareholders' support to amend the Company's investing policy. Following this on 28 October 2021, the Company announced the proposed acquisition of Vertigrow, which subsequently completed post the period end on 28 March 2022.

The acquisition of Vertigrow is a significant milestone in the development of the Company and provides an ideal entry point into the highly regulated, rapidly growing medicinal cannabis sector within the UK, that the Directors believe has considerable potential for growth and the delivery of value for the Company's Shareholders.

Risk management

As the Company had not completed its first investment or acquisition in the period, it has limited financial statements and/or historical financial data, and limited trading history. As such, the Company during the period was subject to the risks and uncertainties associated with an early-stage investment company, including the risk that the Company will not achieve its investment objectives and that the value of an investment could decline and may result in the partial or complete loss of capital invested. The past performance of investee companies or assets managed by the Directors will not necessarily be a guide to future business, results of operations, financial condition or prospects of the Company.

In order to mitigate against these risks, the Directors have sought to undertake thorough due diligence on investment opportunities and acquisition targets, to a level considered reasonable and appropriate by the Company on a case-by-case basis, including the potential commissioning of third-party specialist reports as appropriate. In the case of Vertigrow, this in-depth diligence process occurred over approximately a nine-month period. Following completion of any investment or acquisition, it is intended that any investments or assets will be managed by the Directors and assisted by the Company's professional advisers.

Maintaining a Dynamic Management Framework

As Chairman, I will consider both the operation of the Board as a whole and the performance of individual Directors regularly. During the period, the Directors considered that the balance of experience, skills and personal qualities of the Board was sufficient for its stage of development. Upon completion of the acquisition of Vertigrow the Board was reconstituted with a majority of independent Directors, and now has a suitable balance of skills, experience and diversity, such to ensure ongoing compliance with QCA Code Principles 5 and 6. During the period under review David Firth carried out a small number of financial administrative tasks to ensure a segregation of duties within the finance function. This will not be necessary for future periods and the Board continues to judge David to be independent for the purposes of the QCA Code Principle 5.

Building Trust

Responsibility for the overall leadership of the Group and setting the Group's values and standards sits with the Board. During the period, the Company was an investing company and had limited operations. The Directors intend to seek to acquire businesses with a corporate culture based on sound ethical values and behaviours, and to continue to promote such values and behaviours following completion of the acquisition.

Throughout the period, the Board has continued to review governance and the Group's corporate governance framework against the QCA Code. The most recent review took place as part of the acquisition of Vertigrow and will continue annually.

Alexander Anton
Chairman

28 April 2022

BOARD STRUCTURE AND OPERATION

Between 1 September 2020 and 15 January 2021, the Board comprised three Executive Directors and one Independent Non-Executive Director, which was considered a necessary mix of industry specific and broad business experience for the effective governance of the Group.

On 15 January 2021, a number of directorate changes occurred, including the appointment of Vin Murria as Chairman, Paul Gibson and Tony Morris as Non-Executive Directors, and the resignations of Alexander Anton and Mark Farmiloe as Executive Chairman and Executive Director respectively. The revised Board consisted of one Chairman, three Non-Executive Directors and one Independent Non-Executive Director, which was considered an effective and appropriate composition for the stage of the Company's development and revised investing policy.

On 21 September 2021, a further set of directorate changes occurred, including the resignations of Vin Murria, Paul Gibson and Tony Morris, as well as the appointment of Liz Shanahan, as the Company pivoted its investment focus toward the healthcare and pharmaceutical sector, specifically emerging therapeutic areas.

Following this change in strategic direction, and prior to the completion of the acquisition of Vertigrow which occurred post the period end, the Board comprised the following, which was considered an effective and appropriate composition for the stage of the Company's development and revised investing policy:

Benjamin Shaw – Interim Chairman
David Firth – Independent Non-Executive Director
Liz Shanahan – Independent Non-Executive Director

On 28 March 2022 and post the period end, the Board was reconstituted as part of the completion of the acquisition of Vertigrow. On this date, Benjamin Shaw resigned as Interim Chairman, and was replaced by Alexander Anton as non-executive Chairman. In addition, James Short and Kathleen Long joined as executive directors in their roles of Chief Executive Officer and Chief Financial Officer respectively, Robert Barr was appointed Senior Independent Non-Executive Director, and Dr Steven Hajioff was appointed as an Independent Non-Executive Director. Following these changes, the reconstituted Board of the Company is as follows:

Alexander Anton – Non-Executive Chairman (appointed 28 March 2022)
James Short – Chief Executive Officer (appointed 28 March 2022)
Kathleen Long – Chief Financial Officer (appointed 28 March 2022)
Robert Barr – Senior Independent Non-Executive Director (appointed 28 March 2022)
David Firth – Independent Non-Executive Director
Liz Shanahan – Independent Non-Executive Director
Dr Steven Hajioff – Independent Non-Executive Director (appointed 28 March 2022)

There are certain matters specifically reserved for the Board for its decision, including approvals of major expenditure, investments and key policies. The Board operates formally through meetings of the full Board, and informally through regular contact between Directors. The agenda for the board meetings is prepared by the Company Secretary in consultation with the Chairman of the Board. All Directors participate in the key areas of decision making and no material decisions are made without the consultation of the Board.

The Board is responsible to Shareholders for the proper management of the Group. A Statement of Directors' Responsibilities in respect of the financial statements is set out on pages 17 and 18. To enable the Board to discharge its duties, the Directors have full and timely access to all relevant information. The Board is supported in its work by Board Committees, which are responsible for a variety of tasks delegated by the Board.

Each of the Directors submit themselves for re-election at the Annual General Meeting in accordance with the Company's Articles of Association.

A brief biography of the Directors who served during the period is set out below.

Alexander Anton *(Chairman)*, aged 62 (resigned 15 January 2021, re-appointed 28 March 2022)

Alexander is an experienced AIM director and entrepreneur. Alexander is the former chairman and latterly a non-executive director of Victoria PLC, retiring from that role in 2019. He was Chairman of Summerway Capital Plc from October 2018 to January 2021,and was re-appointed on 28 March 2022 following completion of the acquisition of Vertigrow.

Alexander was chairman of The Queen's Club from 2005-2007 and led the members' buy out from the Lawn Tennis Association for £35 million in 2007. He is also the founder of Fraser Real Estate and Legacy Portfolio, businesses focused on complex leasehold portfolios.

Benjamin Shaw *(Interim Chairman)*, aged 53 (resigned 28 March 2022)

Benjamin Shaw has worked extensively in private equity and investment management. He was a co-founder of the Marwyn Group, based in London and Jersey, an award-winning fund management and advisory business that created a portfolio of listed businesses, developed in partnership with leading institutional investors.

During Ben's time at Marwyn, portfolio companies raised over £5 billion of funding through a combination of Marwyn's own capital and active co-investment program, delivering over 30 per cent. annual investment returns. Marwyn originated over 10 investment vehicles prior to Ben's departure, investing in partnership with experienced management teams across a range of sectors including automotive, computer software, media and entertainment, training, drug testing and laboratories, leisure, reinsurance, food and confectionary, construction and heavy aggregates, and completed the acquisition of over 50 businesses. Significant companies in the Marwyn portfolio in the period included Entertainment One plc (ETO), Advanced Computer Software plc (ASW) and Breedon Aggregates plc (BREE). Ben has broad private and listed company board level experience.

Mark Farmiloe *(Director)*, aged 41 (resigned 15 January 2021)

Mark Farmiloe is a qualified solicitor and has 16 years' experience of working in corporate finance. During his career, Mark has executed numerous public and private acquisitions, fundraisings, restructurings and strategic reviews and has worked in a wide range of sectors including transport, retail, services, resources, utilities and real estate in the UK and internationally.

Mark started his career at Jones Day where he primarily focused on public and private M&A. He subsequently worked at Gleacher Shacklock LLP as an investment banker.

David Firth *(Independent Non-Executive Director and chairman of the remuneration committee and audit committee)* aged 61

David Firth is a non-executive Chairman of Best of the Best plc, an organiser of weekly competitions to win cars and other luxury prizes. He is chairman of its remuneration and audit committees. He is also a non-executive director of Parity Group Plc, an IT services and consultancy business and is chairman of its remuneration and audit committees. David is also a non-executive director and chairman of the audit committee of i-Nexus Global Plc, a strategy execution software company.

Previously he was the finance director of Penna Consulting plc from 1999 to 2016. David has held a number of board positions in public companies over the past 30 years across various sectors including HR consultancy and recruitment, IT services, financial markets, motor retailing and advertising.

Vin Murria OBE *(Chairman and member of the remuneration committee)* aged 58 (appointed 15 January 2021, resigned 21 September 2021)

As a leading software and technology entrepreneur, Vin Murria has created and led numerous growth strategies, which have delivered substantial returns for shareholders.

During her executive career, she was the founder and Chief Executive Officer of Advanced Computer Software Group plc from 2008 until 2015 where she built the business organically and through acquisition from an initial cash shell to its eventual £725 million sale to Vista Equity Partners, generating significant double-digit returns for its shareholders. The business was named Tech Company of the Year (2014) having grown to be the 3rd largest UK headquartered software business. Prior to Advanced Computer Software, Vin was Chief Executive Officer of Computer Software Group plc from 2002 until 2007, completing a number of acquisitions, including a merger with IRIS Software, and subsequently exiting the business to Hellman and Friedman at a £500 million valuation. Prior to this, Vin was at Kewill Systems plc (1986-2001) where she was Group Chief Operating Officer.

Vin is also presently a non-executive director of Softcat plc, a leading provider of technology solutions and services, and Bunzl plc, the international distribution and services group, as well as Chairman of MAC1, a standard-listed acquisition vehicle. She was awarded an OBE in 2018 for services to the digital economy and was previously a non-executive director of DWF plc, finnCap plc, Sophos Group plc, Zoopla Group plc, Greenko Group plc and Chime Communications plc as well as a Senior Advisor at NM Rothschild and an Operating Partner at HG Capital.

Vin was named Asian Woman of the Year (2010), CISCO's Woman of the Year (2012) and Tech Entrepreneur of the Year (2012).

Paul Gibson *(Non-Executive Director)* aged 56 (appointed 15 January 2021, resigned 21 September 2021)

Paul Gibson has had a highly successful career in the TMT sector, most recently as the Operating Partner responsible for software investments at MXC Capital. He held non-executive director and advisory roles at Castleton Technology plc and Tax Systems plc until their respective take private transactions to private equity backed vehicles in 2020 and 2019 respectively.

Previously, Paul held the board position of Chief Operating Officer of Advanced Computer Software Group plc prior to its acquisition by Vista Equity Partners. Prior to this, he held a number of senior roles in both financial and operational capacities, latterly as Finance Director of Redac Limited, the Alchemy backed turnaround that was subsequently sold to Advanced Computer Software for £100 million. The foundations of Paul's career were built at Unigate, GrandMet (now Diageo) and Oracle.

Tony Morris *(Non-Executive Director and member of the audit committee)* aged 41 (appointed 15 January 2021, resigned 21 September 2021)

Tony Morris has over 15 years' transacting experience as principal and advisor in M&A and equity capital markets.

He is a co-founder and director of Tessera Investment Management, a strategic advisory firm which provides specialist transaction support to organisations undertaking corporate development activity. Prior to co-founding Tessera in 2012, Tony spent four years in the investment team at Marwyn Capital, an investment firm, having previously started his career within Leveraged Finance at Barclays Bank.

Tony also currently serves as a non-executive director of Michelmersh Brick Holdings Plc, the AIM-listed specialist brick manufacturer and is Chairman of its remuneration committee.

Liz Shanahan *(Non-Executive Director and member of the audit and remuneration committees)* aged 57 (appointed 21 September 2021)

Liz Shanahan is currently a non-executive director of AIM-listed Inspiration Healthcare Group plc and a former non-executive director of UDG Healthcare plc, a company that was listed on the London Stock Exchange and a constituent of the FTSE 250 up until its £2.8 billion takeover, which completed in August 2021.

Liz is the CEO and one of the founders of Kingdom Therapeutics and is a life sciences entrepreneur with extensive experience advising leading global pharmaceutical and healthcare organisations. Until 2014, she was Global Head of Healthcare & Lifesciences at the NYSE-listed management consultancy, FTI Consulting Inc., who had in 2007 acquired the communications business, Santé Communications, which she founded in 1995.

Liz is a Trustee of CW+, the charitable arm of Chelsea & Westminster Foundation Trust Hospital in London and a member of the organisation's Innovations Advisory Board.

Training and Development

Directors are encouraged to continue their ongoing professional development. The Company Secretary provides updates on governance and regulatory matters at each Board meeting.

External Advisers

The Board had access to Fox Williams LLP as legal advisors during the period, and post period end recently appointed CMS Cameron McKenna Nabarro Olswang LLP, as legal advisors to the Company, taking over from Fox Williams LLP.

During the period, the Board also had access to Nplus1 Singer Advisory LLP as Nominated Adviser and Broker to the Company. In conjunction with the proposed change in strategic direction of the Company on 21 September 2021, the Company appointed Canaccord Genuity Limited as Nominated Adviser and Broker to the Company, with Nplus1 Singer Advisory LLP stepping down.

Advice sought during the period and post period end has been significant as a result of the M&A and equity capital markets activity the Company has undertaken.

Time Commitment

The time commitment expected of the Non-Executive Directors in the period was set out in their letters of appointment. The nature of the role makes it difficult to place a specific time commitment however, a minimum of one day per month is what the Company anticipated as reasonable for the proper performance of duties. Directors are expected to attend all Board and Committee meetings.

The Board has established an Audit Committee and Remuneration Committee, each of which have written terms of reference. Given the size of the Board there was no separate Nominations Committee in the period, and all Board members participated in the appointment of new Directors. Post the period end and concurrently with the acquisition of Vertigrow, a separate Nominations Committee was established and is now chaired by Alexander Anton.

Board Evaluation

In the period, the Board Evaluation process was limited to an ongoing informal evaluation of the performance of the Board and individual directors undertaken by the Chairman. This will be replaced by a formal, annual evaluation process now that the Company has completed its first acquisition.

AUDIT COMMITTEE REPORT

The Audit Committee members for the financial year ended 31 August 2020 were David Firth and Mark Farmiloe. Following the directorate changes announced on 15 January 2021, Tony Morris replaced Mark Farmiloe on the Audit Committee. Following the directorate changes announced on 21 September 2021, Benjamin Shaw replaced Tony Morris on the Audit Committee and Liz Shanahan also joined the Audit Committee. Following the post-period directorate changes on 28 March 2022, David Firth remains as Audit Committee Chairman, Liz Shanahan remains a member of the Committee and Robert Barr has replaced Benjamin Shaw.

The Committee Chairman, David Firth, has extensive financial experience and is a Chartered Accountant.

The Audit Committee meets as often as it deems necessary but, in any case, at least twice a year. These meetings are scheduled at appropriate intervals in the reporting and audit cycle.

Although only members of the Committee have the right to attend meetings, standing invitations are extended to all Directors who attend meetings as a matter of practice. The external auditors also usually attend and have the opportunity to meet with the Committee without the executive management present.

Duties

The main duties of the Audit Committee are set out in its Terms of Reference and include the following:

- To monitor the integrity of the financial statements of the Company, including its annual and half-year reports;
- To review and challenge where necessary the consistency of and any changes to accounting policies, the methods used to account for significant or unusual transactions and whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor, and all material information presented with the financial statements;
- To keep under review the effectiveness of the Company's internal control and risk management systems and to review and approve the statements to be included in the Annual Report concerning internal controls and risk management;
- To regularly review the need for an internal audit function;
- To consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, reappointment and removal of the Company's external auditor;
- To oversee the relationship with the external auditor including approval of their remuneration, approval of their terms of engagement, annual assessment of their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- To meet regularly with the external auditor and at least once a year, without management present to discuss any issues arising from the audit; and
- To review and approve the Audit Plan and review the findings of the audit.

The principal areas of focus for the Committee during the period included the following items:

- Review of internal controls;
- Review of the external auditors' report and significant issues from the audit report;
- Review of the Annual Report and financial statements;
- Approval of the management representation letter; and
- Review of the independence of the auditors, review of auditors' fees and engagement letter.

Role of the external auditors

The Audit Committee monitors the relationship with the external auditors, RSM UK Audit LLP, to ensure that the auditors' independence and objectivity are maintained. The Committee assesses the independence of the external auditors and the effectiveness of the external audit process before making recommendations to the Board in respect of their appointment or reappointment. In assessing independence and objectivity, the Committee considers the level and nature of services provided by the external auditors as well as confirmation from the external auditors that they have remained independent within the meaning of the FRC Revised Ethical Standard 2019 for auditors.

The Committee's assessment of the external auditors' independence took into consideration the non-audit services provided during the period. The Committee concluded that the nature and extent of the non-audit fees did not compromise the independence of the auditors. Having reviewed the auditors' independence and performance, the Audit Committee is recommending that RSM UK Audit LLP be reappointed as the Company's auditors at the next Annual General Meeting.

Internal audit

The Group has assessed the need for an internal audit function and it is considered that in light of the existing control environment within the business, there is currently no requirement for a separate internal audit function.

Audit process

The external auditors prepare an Audit Plan for their review of the full year financial statements. The Audit Plan sets out the scope of the audit, areas to be targeted and audit timetable. Following their review, the auditors present their findings to the Audit Committee for discussion. No major areas of concern were highlighted by the auditors during the period.

David Firth

Chairman of the Audit Committee

28 April 2022

REMUNERATION COMMITTEE

The Remuneration Committee for the financial year ended 31 August 2020, comprised of David Firth and Alexander Anton. Following the directorate changes announced on 15 January 2021, the Remuneration Committee comprised of David Firth and Vin Murria. On 21 September 2021, and following the resignation of Vin Murria, the Remuneration Committee comprised of David Firth, Benjamin Shaw and Liz Shanahan, and was in place as at 31 December 2021. Following the post-period directorate changes on 28 March 2022, David Firth remains as Remuneration Committee Chairman, Alexander Anton and Robert Barr have replaced Benjamin Shaw and Liz Shanahan as members of the Committee.

The Remuneration Committee meets as often as it deems necessary. Since 15 January 2021 there were no Executive Directors on the Board so it has not been necessary for the Committee to meet in the period.

The Remuneration Committee is responsible for making recommendations to the Board on the Group's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for all Executive Directors. The Board itself determines the remuneration of the Non-Executive Directors. The Report of the Remuneration Committee is set out on page 12.

BOARD MEETING ATTENDANCE

Directors' attendance at scheduled* Board meetings is show below:

	Board Meeting	Audit
Alexander Anton[1]	0/0	
Benjamin Shaw[2]	3/4	0/0
Mark Farmiloe[3]	1/1	0/0
David Firth	4/4	2/2
Vin Murria[4]	3/3	
Paul Gibson[5]	4/4	
Tony Morris[6]	4/4	2/2

* other ad hoc Board meetings and Committees were held throughout the year to deal with specific ad hoc matters and approvals.

1. *Alexander Anton resigned on 15 January 2021 and was reappointed on 28 March 2022.*

2. *Benjamin Shaw joined the Audit Committee on 21 September 2021*

3. *Mark Farmiloe resigned on 15 January 2021*

4. *Vin Murria was appointed on 15 January 2021 and resigned on 21 September 2021*

5. *Paul Gibson was appointed on 15 January 2021 and resigned on 21 September 2021*

6. *Tony Morris was appointed on 15 January 2021 and resigned on 21 September 2021*

INTERNAL FINANCIAL CONTROL

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The Group maintains a comprehensive process of financial reporting. The annual budget is reviewed and approved by the Board before being formally adopted. Other key procedures that have been established and which are designed to provide effective control are as follows:

Management structure – The Board meets regularly to discuss all issues affecting the Group.

Investment appraisal – The Group has a clearly defined framework for investment appraisal and approval is required by the Board, where appropriate.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant deficiencies have come to light during the period and no weaknesses in internal financial control have resulted in any material losses, or contingencies which would require disclosure, as recommended by the guidance for directors on reporting on internal financial control.

RELATIONS WITH SHAREHOLDERS

The Chairman is the Group's principal spokesperson with investors, fund managers, the press and other interested parties. As well as the Annual General Meeting with shareholders, the other Directors may give formal presentations at investor road shows following the announcement of interim and full year results.

Notice of the Annual General Meeting will be sent to Shareholders separately.

CELADON PHARMACEUTICALS PLC
(FORMERLY SUMMERWAY CAPITAL PLC)

Report of the Remuneration Committee
For the period ended 31 December 2021

This report does not constitute a Directors' Remuneration Report in accordance with the Directors' Remuneration Regulations 2007, which do not apply to the Company as its ordinary shares are admitted to AIM and do not have a Standard or Premium listing on the London Stock Exchange. This Report sets out the Company's policy on Directors' remuneration, including emoluments, benefits and other share-based awards made to each Director.

REMUNERATION COMMITTEE

The members of the Committee for the financial period ended 31 December 2021 were as follow:

1 September 2020 to 15 January 2021 – David Firth (Chairman of the Committee) and Alexander Anton.

15 January 2021 to 21 September 2021 – David Firth (Chairman of the Committee) and Vin Murria.

21 September 2021 to 31 December 2021 – David Firth (Chairman of the Committee), Benjamin Shaw and Liz Shanahan.

Details of the remuneration of each Director are set out below.

No Director plays a part in any discussion about his own remuneration.

REMUNERATION POLICY

The Remuneration Committee is responsible for considering all material elements of remuneration policy, the remuneration and incentivisation of Directors and senior management and to make recommendations to the Board on the framework for executive remuneration and its cost. The role of the Remuneration Committee is to keep under review the Company's remuneration policies to ensure that the Company attracts, retains and motivates the most qualified talent who will contribute to the long-term success of the Company.

PENSION ARRANGEMENTS

There were no contributions to any Directors' pension scheme during the period.

DIRECTORS' CONTRACTS

During the period from 1 September 2020 to 15 January 2021, each Executive Director was paid a salary of £1,000 per month and David Firth as Non-Executive Director was paid £1,500 per month, or such other rate as maybe agreed from time to time, which is subject to an annual review by the Company. These agreements were terminated on 15 January 2021 with a pro rata payment up to and including the 15 January 2021.

Each Executive Director's service agreement was terminable on twelve months' written notice served by either. The Company was able to terminate a service agreement at any time by making a payment in lieu of the notice period (or, if applicable, the remainder of the notice period) in an amount equivalent to the salary and may also place an Executive Director on garden leave during all or part of the notice period. In the event an Executive Director was guilty of gross misconduct or in certain other specified circumstances, the Company may terminate the agreement with immediate effect and without notice or payment in lieu thereof.

The terms of each Executive Director service agreement contained certain restrictive covenants applicable for a term of either twelve months following termination in respect of non-competition, non-solicitation of customers, non-dealing with customers, non-interference with suppliers and non-poaching of key employees. In addition, each Executive Director was required to keep information about the Company confidential and to assign to the Company any intellectual property made by him in the course of his employment.

During the period from 15 January 2021 to 21 September 2021, each continuing and new director was paid a salary of £1,500 per month, or such other rate as maybe agreed from time to time, which is subject to an annual review by the Company. These agreements pertaining to Vin Murria, Tony Morris and Paul Gibson were terminated on 21 September 2021 with a loss of service payment made to each exiting director of £9,000.

On 21 September 2021, Benjamin Shaw entered into a new agreement for his role as Interim Chairman of the Company but with his monthly salary of £1,500 remaining in place. At the same time, David Firth and Liz Shanahan entered into new agreements with the Company pursuant to their roles as independent non-executive Directors. Their respective salaries are £3,333 per month. All fees payable to the Company's Non-Executive Directors include any service on any Board committee.

The Non-Executive's letters of appointment are terminable on six months' notice without entitlement to any compensation (save for any accrued but unpaid fees as at such termination date and any termination payment due) at any time by written notice from party. If the Non-Executive Directors are not re-elected by the Shareholders at any time and for any reason, their appointments will terminate automatically with immediate effect and without compensation.

DIRECTORS' REMUNERATION

Director	*Salary* £	*Loss of service* £	*Benefits in kind* £	*Pension* £	*31 December 2021 Total* £	*31 August 2020 Total* £
Alexander Anton	4,508	-	-	-	4,508	12,000
Benjamin Shaw	21,723	-	-	-	21,723	12,000
Mark Farmiloe	4,508	-	-	-	4,508	12,000
David Firth	30,161	-	-	-	30,161	18,000
Vin Murria	12,312	9,000	-	-	21,312	-
Paul Gibson	12,312	9,000	-	-	21,312	-
Tony Morris	12,312	9,000	-	-	21,312	-
Elizabeth Shanahan	11,111	-	-	-	11,111	-
	108,947	27,000	-	-	135,947	54,000

Subsidiary Incentive Scheme

The Directors believe that the success of the Company will depend to a high degree on the future performance of key employees and advisers in executing and supporting the Company's growth strategy. The Company has therefore established equity-based incentive arrangements which are, and will continue to be, an important means of retaining, attracting and motivating key employees, consultants and advisers, and also for aligning the interests of the Directors with those of Shareholders.

On 12 October 2018, Summerway Subco Limited (the "Subsidiary") was incorporated to implement the Subsidiary Incentive Scheme for the Executive Directors of the Company. On 15 January 2021, the Company announced that it had made certain amendments to the Subsidiary Incentive Scheme in order to cater for the incoming management changes linked to the change in strategic direction of the Company towards the technology sector.

A summary of those amendments are set out below.

Item	**Previous Subsidiary Incentive Scheme**	**Amended Subsidiary Incentive Scheme**
Percentage of Shareholder Value available to Scheme Participants (pre acquisition of, or investment in operating company)	10 per cent.	Up to 20 per cent.
Target compound annual growth rate hurdle	13.5 per cent.	7.5 per cent.
Commencement date	On Admission	15 January 2021
Initial Value	Market capitalisation on Admission	Unchanged
Vesting period	Three- to five-year period or upon a change of control of the Company or the Subsidiary	Unchanged
Scheme Participants, respective B Share holdings and current aggregate Shareholder Value participation	Alexander Anton – 333,333 Benjamin Shaw – 333,333 Mark Farmiloe – 333,333	Alexander Anton – 75,000 Benjamin Shaw – 75,000 Mark Farmiloe – 75,000 Tony Morris – 175,000 Vin Murria – 1,000,000 Paul Gibson – 50,000 **Aggregated – 1,450,000**

Under the Subsidiary Incentive Scheme, participants are only rewarded if a predetermined level of Shareholder value is created over a three-year period, a five-year period, or upon a change of control of the Company (whichever occurs first), which is calculated by reference to the growth in market capitalisation of the Company, following adjustments for the issue of any new Ordinary Shares and taking into account dividends and capital returns.

From 15 January 2021, participants were entitled to up to 20 per cent of the shareholder value created, subject to such shareholder value having increased by 7.5 per cent per annum compounded over a period of between three and five years from 15 January 2021 or following a change of control of the Company or the Subsidiary.

On 28 March 2022, the Company further amended its Subsidiary Incentive Scheme as a result of the completion of the acquisition of Vertigrow. This included the redemption and issuance of B Shares to certain existing and new participants to tie in and incentivise those Directors, employees, consultants and advisers that are expected to be instrumental in the delivery of shareholder value under the new healthcare and pharmaceutical strategy.

A summary of those amendments are set out below.

Item	Previous Subsidiary Incentive Scheme	Amended Subsidiary Incentive Scheme
Date in place	15 January 2021 to 28 March 2022	From 28 March 2022
Percentage of Shareholder Value available to Scheme Participants (pre acquisition of, or investment in operating company)	Up to 20 per cent.	16.5 per cent.
Target compound annual growth rate hurdle	7.5 per cent.	B1 Shares – 7.5 per cent. B2 / B3 Shares – 17.5 per cent.
Commencement date	15 January 2021	B1 Shares – 15 January 2021 B2 / B3 Shares – 28 March 2022
Initial Value	£7.6 million	B1 – £96.3 million B2 – £81.8 million B3 – £101.8 million
Vesting period	3 to 5 years from 15 January 2021	B1 – 3 to 5 years from 15 January 2021 B2 / B3 – 3 to 5 years from 28 March 2022
Scheme Participants, respective B Share holdings and current aggregate Shareholder Value participation	Alexander Anton – 75,000 Benjamin Shaw – 75,000 Mark Farmiloe – 75,000 Tony Morris – 175,000 Vin Murria – 1,000,000 Paul Gibson – 50,000 **Aggregated – 1,450,000**	Alexander Anton – 241,666 Benjamin Shaw – 241,667 Mark Farmiloe – 241,667 Tony Morris – 125,000 Paul Gibson – 50,000 James Short – 200,000 Kathleen Long – 150,000 Arthur Wakeley – 300,000 Iqbal Gill – 100,000 **Aggregated – 1,650,000**

Further details of the amended terms of the Subsidiary Incentive Scheme can be found on pages 166 to 169 of the Company's Admission Document published on 28 February 2022 and in Notes 18, 20 and 22 of these financial statements.

APPROVAL

The report was approved by the Board of Directors and authorised for issue on 28 April 2022 and signed on its behalf by:

David Firth

Independent Non-Executive Director

28 April 2022

CELADON PHARMACEUTICALS PLC

(FORMERLY SUMMERWAY CAPITAL PLC)

Report of the Directors
For the period ended 31 December 2021

The Directors of the Company present their report for the period ended 31 December 2021. Particulars of important events affecting the Company and its subsidiary and likely future developments may be found in the Strategic Report on pages 2 to 4.

DIRECTORS

The Directors during the period and summaries of their experience are set out on pages 7 to 8. The Directors who held office during the period and their beneficial interest in the share capital of the Company at 31 December 2021 were as follows:

	31 December 2021
Vin Murria (appointed 15 January 2021, resigned 21 September 2021)	1,403,409
Alexander Anton (resigned 15 January 2021, re-appointed 28 March 2022)	1,100,000
Benjamin Shaw (resigned 28 March 2022)	500,000
Mark Farmiloe (resigned 15 January 2021)	50,000
David Firth	-
Paul Gibson (appointed 15 January 2021, resigned 21 September 2021)	-
Tony Morris (appointed 15 January 2021, resigned 21 September 2021)	-
Liz Shanahan (appointed 21 September 2021)	-

DIVIDENDS

No dividends were paid during the period or declared as at the date of this report (2020: Nil)

SHARE CAPITAL

Details of the Company's share capital are set out in Note 16. The Company's share capital consists of one class of ordinary share, which does not carry rights to fixed income. As at 31 December 2021, there were 8,033,409 ordinary shares of 1p each in issue. Ordinary shareholders are entitled to receive notice and to attend and speak at general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representatives) has, on a show of hands, one vote. On a poll, each shareholder present in person or by proxy has one vote for each share held.

Other than the general provisions of the Articles (and prevailing legislation) there are no specific restrictions on the size of a holding or on the transfer of the ordinary shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Following the completion of the £8.5 million placing associated with the acquisition of Vertigrow, which occurred on 28 March 2022, certain institutional and other investors subscribed for 5,151,516 ordinary shares of 1p at a price of 165p per ordinary share. In addition, a further 48,484,848 consideration shares at a price of 165p per ordinary share were issued to the shareholders of Vertigrow to settle the £80 million consideration being paid by the Company pursuant to its acquisition of Vertigrow's fully diluted share capital.

Application was made to the London Stock Exchange for these shares to be admitted to trading on AIM effective 28 March 2022.

As at 21 April 2022, the total number of ordinary shares of 1p in issue was 61,669,773 and the total number of voting rights was 61,669,773. Further details can be found in Note 22.

SUBSTANTIAL SHAREHOLDERS

As at 21 April 2022, the Company had been advised of the following notifiable interests (whether directly or indirectly held) in its voting rights.

Name	*Shareholding*	*Percentage*
James Short	26,046,928	42.2%
John Mitchell	4,525,403	7.3%
Cormac Short	4,525,403	7.3%
Paul Allen	4,525,403	7.3%
CGWL Nominees Limited	3,001,898	4.9%
Jonathan Rickard	2,251,388	3.7%

SUBSIDIARY SHARE BUYBACK

On 15 January 2021, the Company bought back 1,000,000 B Shares from Alexander Anton, Benjamin Shaw and Mark Farmiloe. The buybacks were completed at a price of £0.012 per B Shares resulting in total consideration of £12,000.

On 11 April 2022 and post the period end, the Company bought back 1,000,000 B Shares from Vin Murria, former Chairman of the Company, and 50,000 B Shares from Tony Morris, former Non-Executive Director of the Company. Both buybacks were completed at a price of £0.014 per B Shares resulting in total consideration of £14,700.

DIRECTORS' INDEMNIFICATION AND INSURANCE

The Company's Articles of Association provide for the Directors and Officers of the Company to be appropriately indemnified, subject to the provisions of the Companies Act 2006. The Company purchases and maintains insurance for the Directors and Officers of the Company in performing their duties, as permitted by section 233 of the Companies Act 2006.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY

As the Company only completed its first acquisition post the period end and it only had on average four Directors in the period, limited travel and no premises the Company has consumed less than 40,000 kWh of energy on an annualised basis so the Directors consider that no disclosure for greenhouse gas emissions, energy consumption and energy efficiency reporting is required.

POLITICAL CONTRIBUTIONS

The Company has made no political contributions during the period.

CHARITABLE DONATIONS

The Company has made no charitable donations during the period.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are disclosed in Note 22.

DISCLOSURE IN THE STRATEGIC REPORT

The Company has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the following information in the Group Strategic Report which would otherwise be required to be contained in the Report of the Directors:

- Outlook
- Risk management, including financial risk management and non-financial risk management.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected under company law to prepare the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

The group and company financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position of the group and the company and the financial performance of the group and the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the company and of the profit or loss of the group and the company for that period.

In preparing each of the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the 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 Celadon Pharmaceuticals Plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditor is unaware and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDITOR

The auditor, RSM UK Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

David Firth
Independent Non-Executive Director

28 April 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELADON PHARMACEUTICALS PLC
For the period ended 31 December 2021

Opinion

We have audited the financial statements of Celadon Pharmaceuticals Plc (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Summary of our audit approach

Key audit matters	**Group** No key audit matters identified **Parent Company** No key audit matters identified
Materiality	**Group** ● Overall materiality: £64,100 (2020: £54,500) ● Performance materiality: £48,000 (2020: £40,900) **Parent Company** ● Overall materiality: £64,099 (2020: £54,500) ● Performance materiality: £47,999 (2020: £40,900)
Scope	Our audit procedures covered 100% of total assets and 100% of loss before tax.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£64,100 (2020: £54,500)	£64,099 (2020: £54,500)
Basis for determining overall materiality	1% of Net assets	1% of Net assets
Rationale for benchmark applied	Significant cash balance with no trading activities	Significant cash balance with no trading activities
Performance materiality	£48,000 (2020: £40,900)	£47,999 (2020: £40,900)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £3,250 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £3,250 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

	Number of components	Total assets	Loss before tax
Full scope audit	2	100%	100%
Total	**2**	**100%**	**100%**

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- reviewing and evaluating financial forecasts prepared by the directors to support their assessment of the group's ability to continue as a going concern.
- identifying the key assumptions supporting the forecasts.
- testing the sensitivity of the headroom reported by the forecasts to plausible changes in assumptions.
- testing the arithmetic integrity of the cash flow forecasts; and
- reviewing the disclosures in the financial statements in respect of the directors' assessment of going concern to assess whether they appropriately described the basis of the assessment.

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 16 and 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included:
IFRS/UK-adopted IAS and Companies Act 2006 and AIM Rule 19 relating to the preparation of annual accounts.	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

GRAHAM BOND FCA *(Senior Statutory Auditor)*
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
20 Chapel Street
Liverpool
L3 9AG

28 April 2022

CELADON PHARMACEUTICALS PLC
(FORMERLY SUMMERWAY CAPITAL PLC)

Consolidated Statement of Comprehensive Income
For the period ended 31 December 2021

	Note	*16 months ended 31 December 2021*	*Year ended 31 August 2020*
		£	£
Administrative expenses	7	(722,384)	(186,552)
Operating loss		**(722,384)**	**(186,552)**
Finance income	9	2,015	12,041
Loss before income tax	10	**(720,369)**	**(174,511)**
Income tax	11	-	-
Loss for the period		**(720,369)**	**(174,511)**
Total other comprehensive income		-	-
Total comprehensive loss		**(720,369)**	**(174,511)**
Attributable to:			
Ordinary equity holders of the Company		(720,369)	(174,511)
Loss per ordinary share			
Basic and diluted loss per share attributable to ordinary equity holders of the Company	13	(9.60)p	(2.85)p

The Group's activities derive from continuing operations.

The notes form part of these financial statements

CELADON PHARMACEUTICALS PLC
(FORMERLY SUMMERWAY CAPITAL PLC)

Consolidated Statement of Financial Position
As at 31 December 2021

	Note	*As at 31 December 2021*	*As at 31 August 2020*
		£	*£*
Assets			
Current assets			
Cash and cash equivalents		4,462,965	5,487,991
Other receivables	15	2,144,950	9,779
Total current assets		**6,607,915**	**5,497,770**
Total assets		**6,607,915**	**5,497,770**
Current liabilities			
Trade and other payables	17	176,929	29,715
		176,929	29,715
Non-current liabilities			
Incentive shares	18	20,300	12,000
Total liabilities		**197,229**	**41,715**
Net Assets		**6,410,686**	**5,456,055**
Capital and reserves attributable to equity holders of the parent			
Share capital	16	80,334	61,300
Share premium reserve		7,367,052	5,711,086
Capital redemption reserve		49,500	49,500
Accumulated losses		(1,086,200)	(365,831)
Total Equity		**6,410,686**	**5,456,055**

The financial statements of Summerway Capital plc (registered number 11545912) were approved by the Board of Directors on 28 April 2022 and were signed on its behalf by:

……………………………..
David Firth - Director

The notes form part of these financial statements

CELADON PHARMACEUTICALS PLC
(FORMERLY SUMMERWAY CAPITAL PLC)

Company Statement of Financial Position
As at 31 December 2021

	Note	*As at 31 December 2021*	*As at 31 August 2020*
		£	*£*
Assets			
Non-current liabilities			
Investment in subsidiary undertaking	14	-	-
Current assets			
Cash and cash equivalents		4,462,965	5,487,991
Other receivables	15	2,144,950	9,779
Total current assets		**6,607,915**	**5,497,770**
Total assets		**6,607,915**	**5,497,770**
Liabilities			
Current liabilities			
Trade and other payables	17	197,229	41,715
Total liabilities		**197,229**	**41,715**
Net Assets		**6,410,686**	**5,456,055**
Capital and reserves attributable to equity holders of the parent			
Share capital	16	80,334	61,300
Share premium reserve		7,367,052	5,711,086
Capital redemption reserve		49,500	49,500
Accumulated losses		(1,086,200)	(365,831)
Total Equity		**6,410,686**	**5,456,055**

The loss attributable to shareholders dealt with in the financial statements of the Company was £720,369 (2020: £174,511).

The financial statements of Summerway Capital plc (registered number 11545912) were approved by the Board of Directors on 28 April 2022 and were signed on its behalf by:

……………………………..
David Firth - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
For the period ended 31 December 2021

	Notes	*Share capital*	*Share Premium reserve*	*Capital Redemption reserve*	*Accumulated losses*	*Total equity*
		£	£	£	£	£
Balance as at 31 August 2019		61,300	5,711,086	49,500	(191,320)	5,630,566
Loss for the year		-	-	-	(174,511)	(174,511)
Balance as at 31 August 2020		61,300	5,711,086	49,500	(365,831)	5,456,055
Loss for the period		-		-	(720,369)	(720,369)
Transactions with owners in their capacity as owners						
Issue of shares		19,034	1,655,966	-	-	1,675,000
Balance as at 31 December 2021		80,334	7,367,052	49,500	(1,086,200)	6,410,686

Company Statement of Changes in Equity
For the period ended 31 December 2021

	Notes	*Share capital*	*Share Premium reserve*	*Capital Redemption reserve*	*Accumulated losses*	*Total equity*
		£	£	£	£	£
Balance as at 31 August 2019		61,300	5,711,086	49,500	(191,320)	5,630,566
Loss for the year		-	-	-	(174,511)	(174,511)
Balance as at 31 August 2020		61,300	5,711,086	49,500	(365,831)	5,456,055
Loss for the period		-		-	(720,369)	(720,369)
Transactions with owners in their capacity as owners						
Issue of shares		19,034	1,655,966	-	-	1,675,000
Balance as at 31 December 2021		80,334	7,367,052	49,500	(1,086,200)	6,410,686

The notes form part of these financial statements

CELADON PHARMACEUTICALS PLC
(FORMERLY SUMMERWAY CAPITAL PLC)

Consolidated Statement of Cash Flows
For the period ended 31 December 2021

	Note	*Period ended 31 December 2021*	*Year ended 31 August 2020*
		£	£
Cash flows from operating activities			
Operating loss		(722,384)	(186,552)
Adjustments to reconcile loss before income tax to operating cash flows:			
(Increase) / decrease in other receivables	15	(2,135,171)	5,891
Increase in trade and other payables	17,18	147,214	8,774
Bank interest received		2,015	12,041
Net cash used in operating activities		**(2,708,326)**	**(159,846)**
Cash flows from financing activities			
Proceeds from issue of share capital	16	1,675,000	-
Proceeds from issue of Subsidiary share capital	18	20,300	-
Buyback of Subsidiary share capital	18	(12,000)	-
Net cash generated from financing activities		**1,683,300**	**-**
Net decrease in cash and cash equivalents		(1,025,026)	(159,846)
Cash and cash equivalents at beginning of the period		5,487,991	5,647,837
Cash and cash equivalents at the end of the period		**4,462,965**	**5,487,991**

The notes form part of these financial statements

CELADON PHARMACEUTICALS PLC
(FORMERLY SUMMERWAY CAPITAL PLC)

Company Statement of Cash Flows
For the period ended 31 December 2021

	Note	*Period ended 31 December 2021*	*Year ended 31 August 2020*
		£	£
Cash flows from operating activities			
Operating loss		(722,384)	(186,552)
Adjustments to reconcile loss before income tax to operating cash flows:			
(Increase) / decrease in other receivables	15	(2,135,171)	5,891
Increase in trade and other payables	17,18	155,514	8,774
Bank interest received		2,015	12,041
Net cash used in operating activities		**(2,700,026)**	**(159,846)**
Cash flows from financing activities			
Proceeds from issue of share capital	16	1,675,000	-
Net cash generated from financing activities		**1,675,000**	**-**
Net decrease in cash and cash equivalents		(1,025,026)	(159,846)
Cash and cash equivalents at beginning of the period		5,487,991	5,647,837
Cash and cash equivalents at the end of the period		**4,462,965**	**5,487,991**

The notes form part of these financial statements

Notes to the Financial Statements
For the period ended 31 December 2021

1. GENERAL INFORMATION

Summerway Capital plc, which was renamed Celadon Pharmaceuticals Plc post the period end on 25 March 2022, was an investing company (for the purposes of the AIM Rules for Companies) during the period. On completion of the acquisition of Vertigrow, which occurred on 28 March 2022, the Company ceased to be an investing company under the AIM Rules. The Company is incorporated in England and Wales and domiciled in the United Kingdom (company number: 11545912). It is a public limited company and the address of the registered office is 32-33 Cowcross Street, London EC1M 6DF. The Company is the parent company of Summerway Subco Limited (company number: 11565845). During the period, the activity of the Company was the investment, acquisition and subsequent development of companies where the Directors believe there were tangible opportunities to drive strategic, operational and performance improvement, either as a standalone entity or as a result of broader initiatives.

2. BASIS OF PREPARATION

These 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 been prepared under the historical cost convention.

The financial statements are presented in Pounds Sterling. All amounts, unless otherwise stated, have been rounded to the nearest Pound.

The preparation of financial statements in compliance with adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying those accounting policies. The areas where significant judgements and estimates have been made in preparing these financial statements and their effect are disclosed in Note 5.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all periods presented unless otherwise stated. As a result of the change in accounting reference date for the Company during the period to the 31 December, the results for 31 December 2021 include 16 months of trading, whereas the results for the comparative period, being 31 August 2020, only include 12 months of trading for that financial year ended 31 August 2020.

3. PRINCIPAL ACCOUNTING POLICIES

3.1 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The Company and Group applied standards, amendments and interpretations which are effective for annual periods commencing on or after 1 September 2020. There were no material effects of adopting these. There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are:

- Amendments to IFRS 3: Business Combinations (applicable for accounting periods beginning on or after 1 January 2022);
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (applicable for accounting periods beginning on or after 1 January 2023);
- IAS 12: Income Taxes (applicable for accounting periods beginning on or after 1 January 2023); and
- IAS 37: Provisions, Contingent Liabilities and Contingent Assets (applicable for accounting periods beginning on or after 1 January 2022).

The Group does not currently expect any material impact of the above standards or any other standards issued by the IASB, but not yet effective.

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings). Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

3.3 GOING CONCERN

The Company's unaudited cash balance as at 22 April 2022 was £12.1 million, which was subsequent to the recently completed placing announced on 28 March 2022 that raised gross equity placing proceeds of £8.5 million concurrently with the completion of the acquisition of Vertigrow. As part of the Company's readmission to AIM, substantial working capital sensitivity analysis was performed by the Company to model various scenarios under which the Company's performance may deviate from its plan. The resultant analysis was presented to the Board of the Company and included scenarios whereby the Company was unable to generate revenue at the rate it expected to do so, or indeed at all, as well as modelling theoretical cost overruns. The Company's unaudited cash balance was shown to be sufficient in funding the ongoing expenditure requirements of the Company and its subsidiaries under all of the modelled scenarios, and as such, the Company has adequate resources to continue in business for at least twelve months from approval of this financial information.

For this reason, they continue to adopt the going concern basis in preparing the financial information.

3.4 SEGMENT REPORTING

The accounting policy for identifying segments is based on internal management reporting information which is reviewed by the chief operating decision maker. The Company and Group are considered to have a single business segment, being the identification and acquisition of companies or businesses.

3.5 FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

3.6 TAXATION

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the statement of financial position date.

The tax currently payable is based on the taxable profit for the year. Taxable profit/(loss) differs from the net profit/(loss) reported in the statement of comprehensive income as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

3.7 CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company and Group classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.8 INVESTMENTS

Investments in subsidiaries are recorded at cost less any provision for permanent diminution in value.

3.9 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the Company's and Group's statement of financial position when the Company and Group becomes a party to the contractual provisions of the instrument. The Company's and Group's financial instruments comprise cash, trade and other receivables and trade and other payables.

Trade, group and other receivables

For purposes of subsequent measurement, trade, group and other receivables are classified as financial assets measured at amortised cost.

The Group does not have any financial assets classified as measured at fair value through OCI or financial assets at fair value through profit or loss.

These financial assets of the Group are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Any interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group will write-off financial assets, either in their entirety or a portion therefor, if there is no reasonable expectation of its recovery. A write-off constitutes a derecognition of a financial asset.

Cash and cash equivalents

The Company and Group manage short-term liquidity through the holding of cash and highly liquid interest-bearing deposits. Only deposits that are readily convertible into cash with maturities of three months or less from inception, with no penalty of lost interest, are shown as cash and cash equivalents.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort.

The Group does not currently have trade receivables. For group and other receivables, the measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the company compares the risk of default at the year-end with the risk of a default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Financial liabilities and equity

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company and Group becomes a party to the contractual provisions of the instrument.

Trade, group and other payables

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

3.10 EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Equity comprises the following:

- Called up share capital represents the nominal value of the equity shares;
- Share premium represents the excess over nominal value of the fair value of consideration received from the equity shares, net of expenses of the share issue;
- Capital redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a Company's own shares;
- Retained deficit represent accumulated net gains and losses from incorporation recognised in the Statement of Comprehensive Income

4. CAPITAL MANAGEMENT

The Company defines capital as the total equity of the Company. The objective of the Company's capital management is to ensure that it makes the maximum use of its capital to support its business and to maximise shareholder value. There are no external constraints on the Company's capital.

5. CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

The Company and Group make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual expenditure may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation and classification of incentive share scheme

The Board amended its previously implemented incentive scheme on the 15 January 2021. This resulted in the buyback and cancellation of the 999,999 B shares of £0.01 in the subsidiary undertaking, to the Executive Directors of the Company at a price of £0.012 per share, and the issuance of 1,450,000 new B shares of £0.01 in the subsidiary undertaking to certain new participants, including Directors and advisers to the Company.

Critical judgements and accounting estimates have been exercised by management in respect of the incentive shares:

- in determining the classification of the incentive shares as a financial liability rather than equity in the statement of financial position, as the B shares issued in the subsidiary do not contain any voting rights and are not permitted to participate in any ordinary dividends declared by the Company;
- in presenting the financial liability as non-current in the statement of financial position as the valuation mechanism in the incentive share arrangement is measured over a three-year and five-year period; and
- in assessing the most appropriate valuation method to apply to estimate the fair value of the incentive share liability as at 31 December 2021. See Note 18 for further details.

Valuation and classification of warrant instrument

On 15 January 2021, the Company issued Vin Murria with 3,246,062 warrants which provided for a right to subscribe for 3,246,062 additional new ordinary shares of the Company at an exercise price of 88 pence per share. The warrants were exercisable in whole or in part during an exercise period commencing on the date of issue of the warrants and terminating 18 months after the date of issue.

Critical judgements and accounting estimates have been exercised by management in respect of the warrant in estimating the fair value of the Company's underlying share price at the date of issue of the warrant instrument and calculation of any share-based payments charge as at 31 December 2021. Specifically, management calculated the fair value of the Company's underlying share price to be 88 pence per share as at 15 January 2021, which is in line with the exercise price of 88 pence per share. This management judgement was based upon the following factors:

- 88 pence per share equated to the net asset value per share for the Company at the time of issue of the warrants;
- Vin Murria, the then holder of the warrants, concurrently with the issue of the warrants acquired shares from an existing shareholder in the Company for 85 pence per share and subscribed for new shares in the Company at 88 pence per share; and
- The warrant exercise price was determined prior to the announcement of the proposed directorate changes on 15 December 2020 where such undisturbed pre-announcement price per share was 85 pence per share.

As a result of management determining that the exercise price of 88 pence per share was in line with the fair market value price of 88 pence per share at the time of the warrant issue, the share-based payment charge attaching to the warrant is nil.

6. SEGMENTAL REPORTING

For management purposes, the Company and Group are considered to have one single business segment, being the identification and acquisition of companies and businesses. The Group comprises Celadon Pharmaceuticals Plc (formerly Summerway Capital Plc) and its subsidiary company Summerway SubCo Limited. The two companies do not transact with each other. Further segment information is therefore not presented in these financial statements.

7. ADMINISTRATION EXPENSES

	Period ended 31 December 2021 £	*Year ended 31 August 2020* £
Group expenses by nature		
Staff related costs	135,974	54,780
Office costs	-	21,890
NOMAD, registrar and Stock Exchange costs	52,801	46,391
Audit, accountancy & professional costs	516,051	50,997
Other expenses	17,558	12,494
	722,384	**186,552**

8. EMPLOYEES AND DIRECTORS

	Group and company 31 December 2021 £	*Group and company 31 August 2020* £
Wages and salaries	135,945	54,000
Social security costs	-	-
Other pension costs	-	-
	135,945	**54,000**

The average monthly number of employees during the period year, including the Directors, was 4.

Key management personnel

The Directors are currently considered to be the key management personnel of the Group. The total remuneration paid to Directors during the period was £135,945 (2021: £54,000). There were no pension contributions paid on behalf of the Directors. The breakdown of individual Director's remuneration is shown in the Report of the Remuneration Committee on page 13.

9. FINANCE INCOME

	Group and company 2021 £	*Group and company 2020 £*
Finance income:		
Deposit account interest	2,015	12,041
	2,015	**12,041**

10. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	2021 £	*2020 £*
Auditor's remuneration:		
Audit fees	25,467	19,200
Reporting accountant fees	82,000	-
	107,467	**19,200**

11. INCOME TAX

The Group and Company has reported a loss of £720,369 (2020: £174,511). No revenue has been generated in the period and no significant differences exist between the tax charge of £Nil recognised in these financial statements and that calculated by applying the standard rate of United Kingdom corporation tax. No deferred tax asset is recognised on these losses as at 31 December 2021 due to uncertainty over the expected timing of future profits with which to offset the losses.

Following the change announced in the UK Government's 2021 Budget, the standard rate of UK corporation tax will rise from 19% to 25%, effective from 1 April 2023.

12. LOSS OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The parent Company's loss for the financial period ended 31 December 2021 was £720,369 (2020: £174,511).

13. LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Period ended 31 December 2021	*Year ended 31 August 2020*
Loss attributable to the owners of the Company	£ (720,369)	£ (174,511)
Weighted average number of ordinary shares in issue	7,501,862	6,130,000
Basic and diluted loss per share	(9.60)p	(2.85)p

14. INVESTMENTS

Principal subsidiary undertakings of the Group

The Company directly owns the ordinary share capital of its subsidiary undertakings as set out below:

The issued share capital of the subsidiary as at 31 December 2021 comprised 1 A ordinary share of £0.01 (2020: 1) and 1,450,000 B ordinary shares of £0.01 (2020: 1,000,000).

Subsidiary	*Nature of business*	*Country of incorporation*	*Proportion of A ordinary shares held by Company*	*Proportion of B ordinary shares held by Company*
Summerway Subco Limited	Incentive vehicle	England and Wales	100%	0%

As the Company's total investment holding in the subsidiary is £0.01 no investment value is presented in the statement of financial position.

The address of the registered office of Summerway Subco Limited (the "Subsidiary") is 32-33 Cowcross Street, London EC1M 6DF. The subsidiary was incorporated on 12 September 2018 and previously prepared its own financial statements for the period ended 30 September each year. On 22 December 2021, the Subsidiary changed its accounting reference date to 31 December.

The A ordinary shares have full voting rights, full rights to participate in a dividend and full rights to participate in a distribution of capital.

The B ordinary shares do not have voting rights. No dividends shall be declared in relation to any of the B ordinary shares without the consent of the Parent company. The B ordinary shares are not to be redeemed and are not liable to be redeemed.

The B ordinary shares in issue as at 31 December 2021 were issued to the Directors to facilitate the Subsidiary Incentive Scheme.

On 11 April 2022, the Company amended Subsidiary Incentive Scheme to cater for the acquisition of Vertigrow and incoming Subsidiary Incentive Scheme participants, and the directorate changes previously announced on 21 September 2021.

Further details of the Subsidiary Incentive Scheme can be found on pages 166 to 169 Company's Admission Document published on 28 February 2022 and in Notes 18, 20 and 22.

15. OTHER RECEIVABLES – GROUP AND COMPANY

All receivables are current. There is no material difference between the book value and the fair value of receivables.

	As at 31 December 2021 £	*As at 31 August 2020 £*
Amounts falling due within one year		
Prepayments	10,301	9,180
Other receivables	2,134,649	599
	2,144,950	**9,779**

16. CALLED UP SHARE CAPITAL – COMPANY

	As at 31 December 2021 £	*As at 31 August 2020 £*
Issued		
8,033,409 (2019: 6,130,000) ordinary shares of 1p each	80,334	61,300
	80,334	**61,300**

On 15 January 2021 1,903,409 ordinary shares of £0.01 each were issued to Vin Murria at a placing price of 88 pence per share and were admitted to trading on AIM.

17. TRADE AND OTHER PAYABLES – GROUP AND COMPANY

There is no material difference between the book value and the fair value of the trade and other payables.

	Group As at 31 December 2021 £	*Company As at 31 December 2021 £*	*Group As at 31 August 2020 £*	*Company As at 31 August 2020 £*
Trade payables	41,696	41,696	315	315
Accruals	132,183	132,183	28,800	28,800
Other tax and social security payables	3,050	3,050	600	600
Amounts owed to subsidiary undertakings	-	20,300	-	12,000
	176,929	**197,229**	**29,715**	**41,715**

18. NON-CURRENT LIABILITIES – GROUP

	As at 31 December 2021 £	*As at 31 August 2020 £*
Incentive shares issued October 2018	-	12,000
Incentive shares issued January 2021	20,300	-
	20,300	**12,000**

	Movement in the period ended 31 December 2021 £	*Movement in the year ended 31 August 2020 £*
Opening balance	12,000	12,000
Share buyback	(12,000)	-
Share issuance	20,300	12,000
	20,300	**12,000**

The incentive shares liability is estimated at fair value through profit and loss using level 3 fair value measurement techniques.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The B shares issued by the subsidiary under the incentive scheme were deemed to have an implied aggregate subscription price of £20,300, based on the nominal value per B share plus a premium. The initial subscription price of the incentive shares remains the best estimate of the fair value of the liability associated with the incentive shares as none of the criteria for potential value creation have been met as at 31 December 2021. The fair value of the liability is assessed at each reporting date with any changes accounted for as a fair value gain or loss and recognised directly in the statement of comprehensive income.

Further details regarding the incentive scheme and B shares are included in Notes 20 and 22.

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – GROUP AND COMPANY

Carrying amount of financial assets

The carrying amounts of financial assets by category were:

	Group As at 31 December 2021 £	*Company As at 31 December 2021 £*	*Group As at 31 August 2020 £*	*Company As at 31 August 2020 £*
Financial assets measured at amortised cost:				
- Cash and cash equivalents	4,462,965	4,462,965	5,487,991	5,487,991
- Other receivables	2,134,648	2,134,648	599	599
	6,597,613	**6,597,613**	**5,488,590**	**5,488,590**

Carrying amount of financial liabilities

The carrying amounts of financial liabilities by category were:

	Group As at 31 December 2021 £	*Company As at 31 December 2021 £*	*Group As at 31 August 2020 £*	*Company As at 31 August 2020 £*
Financial liabilities measured at amortised cost:				
- Trade and other payables	173,878	173,878	29,115	29,115
- Amounts owed to subsidiary undertakings	-	20,300	-	12,000
Financial liabilities measured at fair value through profit and loss:				
- Incentive shares liability	20,300	-	12,000	-
	194,178	**194,178**	**41,115**	**41,115**

The carrying amounts of financial assets and financial liabilities reasonably approximate to fair value.

Risks arising from financial instruments

Credit risk

The risk that counterparties will fail to settle amounts due to the company predominantly arises from cash and cash equivalents. Credit risk on cash and cash equivalents is limited by depositing funds with banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group closely monitors its cash position to ensure that it has sufficient funds to meet the obligations of the Group as they fall due.

20. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, or the parties are under common control or influence, in making financial or operational decisions.

Service agreements

Between 1 September 2020 and up until 15 January 2021, under the terms of their respective service agreements, the Executive Directors during the period were each paid a salary of £1,000 per calendar month, monthly in arrears. The Non-Executive Director was paid a monthly fee of £1,500 per calendar month.

On 15 January 2021 a number of directorate changes occurred, and from this date through to 21 September 2021, the Non-Executive Directors were each paid a monthly fee of £1,500 per calendar month.

On 21 September 2021, a further set of directorate changes occurred, and the Non-Executive Director fees were increased to £3,333 per calendar month for David Firth and Liz Shanahan, with Benjamin Shaw entering into a new Interim Chairman's service agreement, remaining on £1,500 per calendar month.

As set out on page 16 the Directors holding office as at 31 December 2021 and their connected persons held a total of 500,000 ordinary shares in the Company, representing 6.2 per cent of the issued share capital of the Company as at 31 December 2021.

Administrative and accounting services

The Company engaged Fraser Real Estate, a company in which Alexander Anton, the current Chairman of the Company is an indirect shareholder to provide administrative and accounting services during the period. The Company paid Fraser Real Estate £2,964 during the period for the provision of these services.

Placing agreement and issue of warrants

On 15 January 2021, the Company raised gross proceeds of £1,675,000 through the issuance of 1,903,409 new ordinary shares of the Company to Vin Murria, the then Chairman of the Company, at a placing price of 88 pence per share. At the same time, the Company issued Vin Murria with 3,246,062 warrants which provided for a right to subscribe for 3,246,062 additional new ordinary shares of the Company at an exercise price of 88 pence per share. The warrants were exercisable in whole or in part during an exercise period commencing on the date of issue of the warrants and terminating 18 months after the date of issue. Vin Murria also purchased 500,000 existing ordinary shares at 85 pence per share from a shareholder on 15 January 2021.

Corporate advisory agreements

The Corporate Advisory Agreement entered into between the Company and AFS Advisors LLP (an entity wholly-owned by Alexander Anton, Benjamin Shaw and Mark Farmiloe, Directors of the Company during the period) was terminated at nil cost to the Company on 15 January 2021.

At the same time, the Company entered in a new agreement with Tessera Investment Management Limited ("Tessera") pursuant to which Tessera has agreed to provide strategic and general corporate advice, and M&A and capital raising transaction support services to the Company (the "Tessera Corporate Advisory Agreement"). Tessera charged £12,500 per month (plus VAT) payable monthly in arrears from the date of the agreement. On 21 September 2021, Tessera and the Company entered into a termination agreement under which it was agreed between the parties that the Tessera Corporate Advisory Agreement would terminate on 28 March 2022. Tony Morris was a Non-Executive Director of the Company during the period, and is a director and shareholder of Tessera.

Resignation Letters

On 15 January 2021, Alexander Anton and Mark Farmiloe resigned as directors of the Company. Under the terms of the resignation letters, each exiting director received accrued but unpaid directors' fees up to the 15 January 2021.

On 21 September 2021, Vin Murria, Paul Gibson and Tony Morris resigned as directors of the Company. Under the terms of the resignation letters, each exiting director received a compensation payment for loss of office of £9,000. In addition, it was agreed with Vin Murria that the warrant instrument issued on 15 January 2021 be cancelled. Vin Murria also agreed to the buyback of her B Shares acquired under the Subsidiary Incentive Scheme. In addition, Tony Morris agreed to the buyback of 50,000 of his B Shares acquired under the Subsidiary Incentive Scheme. Both buybacks were completed at the original subscription cost of £0.014 per B Share.

Irrevocable Undertakings

Vin Murria also entered into an irrevocable undertaking with the Company under which, as beneficial owner of 1,403,409 ordinary shares of the Company, agreed to vote those shares in favour of the Company's change of investing policy and also in favour of the Company's proposed acquisition of Vertigrow and other related resolutions to be tabled to Shareholders as part of the AIM reverse takeover transaction approval process.

Benjamin Shaw, Interim Chairman of the Company during the period entered into an irrevocable undertaking on behalf of himself and Romana Capital LLP under which he agreed to vote 500,000 ordinary shares of the Company in favour of the Company's proposed acquisition of Vertigrow and other related resolutions to be tabled to Shareholders as part of the AIM reverse takeover transaction approval process.

Subsidiary Incentive Scheme

On 15 January 2021, the Company made certain adjustments to the Subsidiary Incentive Scheme in order to recognise the proposed change in strategic direction of the Company at that stage and the expectation that the incoming team and others would be instrumental in leading the execution of this revised strategy, and in turn, the anticipated creation of Shareholder Value.

A summary of the key amendments compared to the original Subsidiary Incentive Scheme are set out in the following table.

Item	**Previous Subsidiary Incentive Scheme**	**Amended Subsidiary Incentive Scheme**
Percentage of Shareholder Value available to Scheme Participants (pre acquisition of, or investment in operating company)	10 per cent.	Up to 20 per cent.
Target compound annual growth rate hurdle	13.5 per cent.	7.5 per cent.
Commencement date	On Admission	15 January 2021
Initial Value	Market capitalisation on Admission	Unchanged
Vesting period	Three- to five-year period or upon a change of control of the Company or the Subsidiary	Unchanged
Scheme Participants, respective B Share holdings and current aggregate Shareholder Value participation	Alexander Anton – 333,333 Benjamin Shaw – 333,333 Mark Farmiloe – 333,333	Alexander Anton – 75,000 Benjamin Shaw – 75,000 Mark Farmiloe – 75,000 Tony Morris – 175,000 Vin Murria – 1,000,000 Paul Gibson – 50,000 Aggregated – 1,450,000

Under the Subsidiary Incentive Scheme, participants are only rewarded if a predetermined level of Shareholder value is created over a three-year period, a five-year period, or upon a change of control of the Company (whichever occurs first), which is calculated by reference to the growth in market capitalisation of the Company, following adjustments for the issue of any new ordinary shares and taking into account dividends and capital returns.

From 15 January 2021, participants are entitled to up to 20 per cent. of the Shareholder value created, subject to such Shareholder value having increased by 7.5 per cent. per annum compounded over a period of between three and five years from 15 January 2021 or following a change of control of the Company or the Subsidiary.

Under the amendments to the Subsidiary Incentive Scheme, Alexander Anton's, Benjamin Shaw's and Mark Farmiloe's original B share allocations were subject to a buyback by the Company at their original subscription price of £0.012 per B share for a total consideration of £4,000 each (£12,000 in aggregate) (see Note 18).

Following this buyback, the articles of the Subsidiary were amended in order to implement the proposed changes to the Subsidiary Incentive Scheme. Alexander Anton, Benjamin Shaw, Mark Farmiloe, Tony Morris, Vin Murria and Paul Gibson subscribed for newly issued B shares at a revised subscription price of £0.014 per B share. Under certain circumstances, the Company is entitled to buy back the B shares at the price paid by Subsidiary Incentive Scheme participants. (see Note 18).

The allocation of B shares in issue as at 31 December 2021 are set out below.

Name	*B Shares held*
Alexander Anton	75,000
Benjamin Shaw	75,000
Mark Farmiloe	75,000
Tony Morris	175,000
Vin Murria	1,000,000
Paul Gibson	50,000
Total	**1,450,000**

On 21 September 2021, and in conjunction with the resignations of Vin Murria, Paul Gibson and Tony Morris, Vin Murria (former Chairman of the Company) agreed with the Company the buyback of her 1,000,000 B Shares at the original subscription price of £0.014 per B Share. In addition, Tony Morris (former Non-Executive Director of the Company) agreed with the Company the buyback of 50,000 B Shares at the original subscription price of £0.014 per B Share. Both buybacks and certain amendments to the Subsidiary Incentive Scheme were undertaken in conjunction with the completion of the acquisition of Vertigrow, and are summarised further in the Company Admission Document which was published on 28 February 2022, and in Note 22.

21. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities outstanding at 31 December 2021 that require disclosure or adjustment in these financial statements.

22. POST BALANCE SHEET EVENTS

Placing Agreement

The Company and Canaccord Genuity entered into a placing agreement ("Placing Agreement") on 28 February 2022. Pursuant to the Placing Agreement, Canaccord Genuity has agreed, subject to certain conditions, to act as agent for the Company and to use its reasonable endeavours to procure placees to subscribe for the placing shares that are not subscription shares as part of the Enlarged Group's readmission to AIM.

The Placing Agreement contains warranties from the Company and Directors in favour of Canaccord Genuity in relation to, inter alia, the accuracy of the information in the Circular and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Canaccord Genuity in respect of certain liabilities it may incur in respect of the placing. Canaccord Genuity has the right to terminate the Placing Agreement in certain circumstances prior to completion of the placing and Admission respectively, in particular, in the event of a material breach of the warranties or a force majeure event.

The Placing Agreement is governed by English law.

Canaccord Nomad and Broker Agreement

This agreement was mutually amended on 25 February 2022 so as to be replaced by a new nominated adviser and broker agreement covering Canaccord Genuity's role as nominated adviser and broker to the Group. The agreement contains certain undertakings, warranties and indemnities given by the Company to Canaccord Genuity. The agreement is terminable upon not less than 3 months prior written notice by either the Company or Canaccord Genuity.

The nominated adviser and broker agreement is governed by English law.

General Meeting and Admission of the Company's enlarged share capital to AIM

On 25 March 2022, the Company held its General Meeting which was called on 28 February 2022 to approve the acquisition of Vertigrow and certain other related matters including the issuance and allotment of shares pursuant to the placing, subscription, and consideration shares, as well as the change of name for Summerway Capital Plc. All resolutions were successfully passed and as such, the acquisition of Vertigrow completed on 28 March 2022, and the Company's name was changed to Celadon Pharmaceuticals plc. At the same time, the Company's enlarged share capital was admitted to trading on AIM.

Placing and issue of equity

On 28 March 2022, the Company raised gross proceeds of £8.5 million through the issuance of 5,151,516 new ordinary shares of the Company to certain institutional and high net worth investors at a placing price of 165 pence per share.

Acquisition

On 28 March 2022, the Company completed the acquisition of Vertigrow for total consideration of £80 million, which was satisfied through the issuance of 48,484,848 consideration shares to the Vertigrow vendors at a price of 165 pence per share.

The Company are currently in the process of undertaking a valuation exercise to fair value the acquired assets of Vertigrow and anticipate completing this process during the new financial year ending 31 December 2022.

Directorate changes

On 28 March 2022, the Company reconstituted its Board of Directors in line with its Admission Document which was published on 28 February 2022. This included the resignation of Benjamin Shaw, Interim Chairman of the Company during the period, and the appointment of a number of new directors to the Company, including Alexander Anton, Robert Barr and Dr Steven Hajioff as Non-Executive Directors and James Short and Kathleen Long as Executive Directors.

Following these directorate changes, the current Board of Directors for the Company is set out below.

Alexander Anton – Chairman (appointed 28 March 2022)

Robert Barr – Senior Independent Non-Executive Director (appointed 28 March 2022)

David Firth – Independent Non-Executive Director

Elizabeth Shanahan – Independent Non-Executive Director (appointed 21 September 2021)

Dr Steven Hajioff – Independent Non-Executive Director (appointed 28 March 2022)

James Short – Chief Executive Officer (appointed 28 March 2022)

Kathleen Long – Chief Financial Officer (appointed 28 March 2022)

Share capital and Directors' holdings

As a result of the completion of the placing and acquisition of Vertigrow, the Company issuance of 53,636,364 new ordinary shares, and the Company's total issued share capital is 61,669,773 ordinary shares of 1p each.

As at 21 April 2022, the Directors and their connected persons hold a total of 27,424,072 ordinary shares in the Company, representing 44.5 per cent. of the Company's total issued share capital.

Amendments to Subsidiary Incentive Scheme

On 28 March 2022, the Company amended its Subsidiary Incentive Scheme in order to incentivise and retain certain key employees and directors of, and advisers to, the Company.

Under the terms of the Subsidiary Incentive Scheme, the principles will remain in line with the Company's existing scheme such that participants are entitled to subscribe for Subsidiary B Shares. Subsidiary B Shares provide the holder with a right to participate in any Shareholder value that is created over a predetermined level and over a three- to five-year period (or upon a change of control of the Company or the Subsidiary, whichever occurs first). This is calculated on a formula basis by reference to the growth in market capitalisation of the Company, following adjustments for the issue of any new Ordinary Shares and taking into account dividends and capital returns ("Shareholder Value"), and realised by participants through the exercising of a put option in respect of their Subsidiary B Shares and satisfied either in cash or by the issue of new Ordinary Shares at the election of the Company.

On 28 March 2022, the Subsidiary Incentive Scheme was amended to create three classes of Subsidiary B Shares in issue under the Subsidiary Incentive Scheme:

The 400,000 Subsidiary B Shares held by participants under the current Subsidiary Incentive Scheme (which commenced on 15 January 2021) were converted into B1 Shares. These B1 Shares will participate in up to 4 per cent. of Shareholder Value created above a current threshold of £96,305,000 ("B1 Initial Value"), being the initial market cap of the Company, plus the amount of funds raised on 15 January 2021, plus the total subscription value of the Consideration Shares and the Placing Shares. The B1 Shares will only participate in that Shareholder Value, however, if the individual elements of the B1 Initial Value grow at an annual rate of 7.5 per cent. (compounded), measured over a period of three to five years commencing on 15 January 2021.

650,000 B2 Shares were issued to advisers of Celadon. These B2 Shares will participate in up to 6.5 per cent. of Shareholder Value created above a current threshold of £81,755,125 ("B2 Initial Value"), being the pre-Acquisition value of the Company plus a discounted value of the Celadon Group (to reflect pre-agreed incentive arrangements and the advisers' contribute to date) plus the total subscription value of the Placing Shares. The B2 Shares will only participate in that Shareholder Value, however, if the individual elements of the B2 Initial Value grow at an annual rate of 17.5 per cent. (compounded), measured over a period of three to five years commencing on 28 March 2022.

600,000 B3 Shares were issued to selected management of Celadon. These B3 Shares will participate in up to 6 per cent. of Shareholder Value created above a current threshold of £101,755,125 ("B3 Initial Value"), being the pre-Acquisition value of the Company plus the total subscription value of the Consideration Shares and the Placing Shares. The B3 Shares will only participate in that Shareholder Value, however, if the individual elements of the B3 Initial Value grow at an annual rate of 17.5 per cent. (compounded), measured over a period of three to five years commencing on 28 March 2022.

Overall, therefore, the maximum dilution from the Subsidiary Incentive Plan will be 16.5 per cent. of the Shareholder Value generated above the specified threshold amounts (and this is contingent on achieving the specified annual growth rates) across each individual class of Subsidiary B Share. A summary of the changes made to the Subsidiary Incentive Scheme post the period end are set out in the following table.

Item	Previous Subsidiary Incentive Scheme	Amended Subsidiary Incentive Scheme
Date in place	15 January 2021 to 28 March 2022	From 28 March 2022
Percentage of Shareholder Value available to Scheme Participants (pre acquisition of, or investment in operating company)	Up to 20 per cent.	16.5 per cent.
Target compound annual growth rate hurdle	7.5 per cent.	B1 Shares – 7.5 per cent. B2 / B3 Shares – 17.5 per cent.
Commencement date	15 January 2021	B1 Shares – 15 January 2021 B2 / B3 Shares – 28 March 2022
Initial Value	£7.6 million	B1 – £96.3 million B2 – £81.8 million B3 – £101.8 million
Vesting period	3 to 5 years from 15 January 2021	B1 – 3 to 5 years from 15 January 2021 B2 / B3 – 3 to 5 years from 28 March 2022
Scheme Participants, respective B Share holdings and current aggregate Shareholder Value participation	Alexander Anton – 75,000 Benjamin Shaw – 75,000 Mark Farmiloe – 75,000 Tony Morris – 175,000 Vin Murria – 1,000,000 Paul Gibson – 50,000 Aggregated – 1,450,000	Alexander Anton – 241,666 Benjamin Shaw – 241,667 Mark Farmiloe – 241,667 Tony Morris – 125,000 Paul Gibson – 50,000 James Short – 200,000 Kathleen Long – 150,000 Arthur Wakeley – 300,000 Iqbal Gill – 100,000 **Aggregated – 1,650,000**

If a participant ceases to be employed or engaged by the Company for a ‘bad leaver’ reason (fraud or gross negligence), the Company Subsidiary will have the right to buy-back their Subsidiary B Shares for a price equal to the original subscription price paid by the participant. In relation to the new awards of B3 Shares to selected members of the Celadon management team, the Subsidiary B Shares will also be subject to time-based annual vesting over 3 years. If a participant ceases to be employed by the Company (not as a ‘bad leaver’) then the Company will also have the right to buy-back their unvested Subsidiary B Shares for a price equal to the original subscription price paid by the participant.

Related Party Disclosures

In conjunction with the completion of the acquisition of Vertigrow and the admission of the Company’s enlarged share capital to AIM on 28 March 2022, the Company has entered into, amended and terminated a number of related party arrangements. These are set out below.

Service agreements

On 25 February 2022 the Company entered into a service agreement with James Short. The contract provides for James Short to act as Chief Executive Officer of the Company at a salary of £245,000 per annum. The service agreement is terminable by either party giving not less than six months’ prior notice in writing. Under the service agreement, James Short is entitled to 25 paid working days’ holiday each year in addition to public holidays in England and Wales, to participate in a discretionary bonus scheme, participate in the Enlarged Group’s pension scheme, and to participate in any benefit schemes provided by the Company, including medical and employee life insurance. James Short is subject to non-competition and non-solicitation covenants for a period of 12 months following termination of his employment with the Company and to a confidentiality undertaking.

On 25 February 2022 the Company entered into a service agreement with Kathleen Long. The contract provides for Kathleen Long to act as Chief Financial Officer of the Company at a salary of £100 per hour, capped at £750 per day and £3,750 per week. The service agreement is terminable by either party giving not less than six months’ prior notice in writing. Under the service agreement, Kathleen Long is entitled on a pro rata basis to 25 paid working days’ holiday each year in addition to public holidays in England and Wales, to participate in a discretionary bonus scheme, participate in the Group’s pension scheme, and to participate in any benefit schemes provided by the Company, including medical and employee life insurance. Kathleen Long is subject to non-competition and non-solicitation covenants for a period of 12 months following termination of her employment with the Company and to a confidentiality undertaking.

Alexander Anton is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 25 February 2022 for an initial term of 12 months or until the first annual general meeting of the Company, terminable thereafter on not less than three months' prior written notice. Alexander Anton receives a fee of £50,000 per annum and is subject to confidentiality undertakings. He is not entitled to any payment on termination of his appointment by the Company, other than for fees due in respect of his notice period and reimbursement of any expenses properly incurred before the date of termination.

Robert Barr is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 25 February 2022 for an initial term of 12 months or until the first annual general meeting of the Company, terminable thereafter on not less than three months' prior written notice. Robert Barr receives a fee of £50,000 per annum and is subject to confidentiality undertakings. He is not entitled to any payment on termination of his appointment by the Company, other than for fees due in respect of his notice period and reimbursement of any expenses properly incurred before the date of termination.

Dr Steven Hajioff is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 25 February 2022 for an initial term of 12 months or until the first annual general meeting of the Company, terminable thereafter on not less than three months' prior written notice. Steven Hajioff receives a fee of £35,000 per annum and is subject to confidentiality undertakings. He is not entitled to any payment on termination of his appointment by the Company, other than for fees due in respect of his notice period and reimbursement of any expenses properly incurred before the date of termination.

Subsidiary Incentive Scheme

On the 11 April 2022, and pursuant to the amended Subsidiary Incentive Scheme, a number of new B Shares were issued to former and current Directors of the Company at subscription prices ranging from £0.0139 to £0.0144 per B Share. The current allocation of B shares in issue to former and current Directors of the Company are set out below.

Name	*Previous B Shares held*	*Agreed buybacks*	*New B Shares issued pursuant to amended Scheme*	*Current B Shares held*
Alexander Anton (Chairman)	75,000	-	166,666	241,666
Benjamin Shaw (former Director)	75,000	-	166,667	241,667
Mark Farmiloe (former Director)	75,000	-	166,667	241,667
Tony Morris (former Director)	175,000	(50,000)	-	125,000
Vin Murria (former Director)	1,000,000	(1,000,000)	-	-
Paul Gibson (former Director)	50,000	-	-	50,000
James Short (Chief Executive Officer)	-	-	200,000	200,000
Kathleen Long (Chief Financial Officer)	-	-	150,000	150,000
Issued to other employees / consultants	-	-	400,000	400,000
Total	**1,450,000**	**(1,050,000)**	**1,250,000**	**1,650,000**

Shortly after the issuance of the new B Shares detailed above, in accordance with the terms of the resignation letters of Vin Murria and Tony Morris, all of Vin Murria's B Shares and 50,000 of Tony Morris' B Shares were bought back from the Subsidiary on 11 April 2022 at their original subscription cost of £14,000 and £700 respectively.

Irrevocable undertakings

During February 2022, Alexander Anton and Benjamin Shaw entered into irrevocable undertakings pursuant to which they each agreed to vote their direct and indirect holdings in favour of the resolutions being tabled to the Company's General Meeting which was held on 25 March 2022.

Subscription agreements

During February 2022, David Firth and Robert Barr entered into subscription agreements with the Company pursuant to which they agreed to subscribe for 12,121 and 45,454 ordinary shares respectively as part of the Company's placing, which completed on 28 March 2022.

Relationship agreement

The Company has entered into a relationship agreement dated 25 February 2022 with James Short to regulate aspects of the continuing relationship between the Company and James Short. In particular, for so long as James Short and his associates (within the meaning of the AIM Rules for Companies) hold an aggregate interest in voting rights representing at least 20 per cent. of the voting rights of the issued ordinary share capital of the Company, James Short has agreed to ensure that, amongst other matters, the Company is capable at all times of carrying on its business independently and that transactions between the parties are on arm's length basis terms and on normal commercial terms.

Lock-ins

The Directors who held ordinary shares following admission of the enlarged share capital of the Company to AIM, entered into an undertaking to Canaccord Genuity and the Company not to dispose of any interests in ordinary shares owned by them (subject to, and to the extent permitted by Rule 7 of the AIM Rules, certain limited exceptions) without the prior consent of Canaccord Genuity for one year from the date of admission, with such shares remaining subject to a further 12 month orderly market provision thereafter.

Market purchases

On 10 March 2022, Alexander Anton acquired 10,000 ordinary shares of the Company as part of a secondary market transaction, which was announced on 10 March 2022. Following this and 209,569 ordinary shares held indirectly as a result of the share consideration paid by the Company to Vertigrow shareholders, Alexander Anton's shareholding in the Company increased to 1,319,569 ordinary shares, representing 2.1 per cent. of the Company's share capital.

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