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28 February 2022

Summerway Capital plc

("Summerway" or the "Company")

Proposed Acquisition of Vertigrow Technology Ltd

Placing and Subscription of 5,151,516 Ordinary Shares of 165 pence per share

Restoration of trading and publication of admission document

Further to its announcement on 28 October 2021, the Company is pleased to advise that it has conditionally raised £8.5 million (before expenses) by way of a placing and subscription (as defined below) to certain institutional and other investors at 165 pence per Summerway share. The proceeds of the Fundraising will be used to fund the Enlarged Group's working capital requirements following completion of the proposed Acquisition.

The Company's shares were suspended from trading on the AIM market of the London Stock Exchange plc ("AIM") on 21 September 2021, when the Company announced it was in discussions with an immediate opportunity in the healthcare and pharmaceutical sector. The Company's shares will now be restored to trading on AIM at 7.30 a.m. on 28 February 2022.

Highlights

- Vertigrow is one of the first pharmaceutical companies in the UK to receive a Home Office licence, following approval from the MHRA to apply for the licence, to grow high tetrahydrocannabinol ("THC") cannabis, which is expected to be used in medicinal products, initially focusing on the chronic pain market
    - Operates within a highly regulated market with substantial growth potential, benefiting from positive tailwinds and strong regulatory and operational barriers to entry
    - At full capacity, Vertigrow's current facility could supply up to 50,000 patients, which has the potential to generate revenue of £90 million per annum with EBITDA margins of approximately 50 per cent.
    - Provides Summerway with a compelling foundation from which accretive and complementary M&A opportunities could be executed alongside Vertigrow's existing organic growth initiatives

- £80 million consideration, payable through the issue of approximately 48.5 million Ordinary Shares at 165 pence per Summerway share

- £8.5 million conditionally raised (before expenses) to provide additional working capital for the Enlarged Group

Benjamin Shaw, Interim Chairman of Summerway, said:

"The Board of Summerway is delighted by the support we have received from both new and existing shareholders from the fundraising. We believe the pharmaceutical medical cannabis market will be substantial in the UK and internationally and Vertigrow is, in our view, a clear leader in the sector with tremendous opportunity for growth."

James ("Jim") Short, Founder and Chief Executive Officer of Vertigrow, said:

"I am pleased to be announcing the fundraising today. The opportunity to create a substantial UK based pharmaceutical business contributing to life changing treatments to chronic pain sufferers is as compelling as ever, and I would like to take this opportunity to thank the new and existing investors that are going to support us on our journey."

For the purposes of UK MAR, the person responsible for arranging for the release of this announcement on behalf of Summerway is Benjamin Shaw, Interim Chairman of the Company.

Ends

Enquiries:

Summerway Capital Plc
Tony Morris 020 7440 7520

Canaccord Genuity Limited (Nominated Adviser and Broker)
Andrew Potts 020 7523 8000

On 28 October 2021, the Company announced that it had conditionally agreed to acquire the fully diluted issued share capital of Vertigrow, whose subsidiary, CPL, is one of the UK's first pharmaceutical companies licenced to grow high ∆9-tetrahydrocannabinol ("THC") cannabis for treatments and medicinal products in the pain and chronic pain market. The total consideration for the Acquisition is £80,000,000, which will be satisfied through the issuance of 48,484,848 Ordinary Shares at a price of 165 pence per share.

In support of the Acquisition of Vertigrow, the Company made available a loan to Vertigrow of up to £4.25 million, which has been partially drawn down and principally applied to accelerate Vertigrow's capital expenditure in its Midlands based facility in support of the business' growth plans ahead of Completion.

The Company is proposing to undertake the Fundraising pursuant to which it proposes to raise, subject to certain conditions, £8.5 million (before expenses) by the conditional placing of 5,151,516 new Ordinary Shares at the Placing Price to certain institutional and other investors pursuant to the Placing which includes up to £1.6 million (before expenses) by up to 972,723 Ordinary Shares at the Placing Price being issued directly by the Company to subscribers under the Subscription. The proceeds of the Fundraising will be used to fund the Enlarged Group's working capital requirements following Completion.

The Placing Price of 165 pence per share represents a discount of nil per cent. to the closing middle market price of 165 pence per Ordinary Share on 21 September 2021 (being the last business day before the Ordinary Shares were suspended as a result of the Company announcing that it was in discussions for a potential acquisition which would be classified as a reverse takeover pursuant to the AIM Rules for Companies).

The Acquisition constitutes a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies and as such will require the approval of Shareholders.

Under presumption 9 of the Takeover Code's definition of acting in concert, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies are presumed to be acting in concert.

On completion of the Acquisition and Placing, the Concert Party will hold 41,874,525 Ordinary Shares on Admission, representing approximately 67.9 per cent of the Enlarged Share Capital. Details of the Concert Party are set out in paragraph 15 of Part I of the Admission Document. Under Rule 9 of the Takeover Code, the Concert Party would normally then be obliged to make a general offer to all Shareholders (other than the Concert Party) to acquire all the Ordinary Shares not owned by the Concert Party. The Panel has agreed to waive this obligation subject to the approval by the Independent Shareholders of the Whitewash Resolution (on a poll) at the General Meeting. The Acquisition is therefore also subject to the approval of the Whitewash Resolution by the Independent Shareholders.

The Company is amending its articles of association by adding a new provision preventing the Company from engaging in the production and/or supply of cannabis for recreational use or otherwise carrying out any activity which is unlawful, and proposing to change its name to Celadon Pharmaceuticals plc.

Approval of the Proposals by the Shareholders will be sought at a General Meeting convened for 10.00 a.m. on 25 March 2022 at the offices of Canaccord Genuity Limited at 88 Wood St, London EC2V 7QR. Trading in the Existing Ordinary Shares is expected to be restored following publication of the Admission Document. On Completion of the Acquisition, the Company will cease to be an investing company for the purposes of the AIM Rules and will become an operating company instead.

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM and trading is expected to commence in the New Ordinary Shares, and recommence in the Existing Ordinary Shares at 8.00 a.m. on 28 March 2022.

The Company will release further announcements as and when appropriate.

IMPORTANT INFORMATION

This announcement does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, shares to any person in the United States or any other jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this announcement must not be taken, transmitted, distributed or sent, directly or indirectly, in or into the United States of America, Canada, Australia, Japan or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, in or into the United States of America, Canada, Australia, Japan or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan or the Republic of South Africa and may not be offered or sold, directly or indirectly, in or into the United States of America or Canada, Australia, Japan or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan or the Republic of South Africa or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)). There will be no public offering of Ordinary Shares in the United States, Canada, Australia, Japan or the Republic of South Africa.

Canaccord Genuity, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is the Company's nominated adviser for the purpose of the AIM Rules for Companies and its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any recipient of

this announcement in respect of his decision to acquire Ordinary Shares in reliance on any part of this announcement. No representation or warranty, express or implied, is made by Canaccord Genuity as to any of the contents of this announcement (without limiting the statutory rights of any person to whom this announcement is issued).

Canaccord Genuity is acting exclusively for the Company in connection with Admission and the Fundraising. Canaccord Genuity is not acting for any recipient of this announcement and will not be responsible to any such recipient for providing the protections to him afforded to customers of Canaccord Genuity nor for providing advice in relation to the contents of this announcement or any matter referred to in it.

This announcement is only addressed to and directed at: (a) persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (together with any implementing measure in such member states, the "EEA Prospectus Regulation"); (b) persons in the United Kingdom who are "qualified investors" within the meaning of the UK version of the EEA Prospectus Regulation (the "UK Prospectus Regulation"), which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"), and who are persons who: (i) have professional experience in matters relating to investments and are "investment professionals" within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order"); or (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order; or (c) persons to whom it is otherwise lawful to distribute it (all such persons together being referred to as "Relevant Persons"). It is not directed at and may not be acted or relied on by anyone other than a Relevant Person. Persons who do not fall within the definition of "Relevant Persons" above should not rely on this announcement, nor take any action upon it.

This announcement does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, shares to any person in the United States or in any other jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this announcement must not be taken, transmitted, distributed or sent, directly or indirectly, in or into the United States of America, Canada, Australia, Japan or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, in or into the United States of America, Canada, Australia, Japan or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan or the Republic of South Africa and may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, Japan or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan or the Republic of South Africa or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)). There will be no public offering of Ordinary Shares in the United States, Canada, Australia, Japan or the Republic of South Africa.

Certain statements contained in this announcement are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Enlarged Group and industry and markets in which the Enlarged Group operates, the Directors' beliefs and assumptions made by the Directors or Proposed Directors. Words such as "expects", "anticipates", "may", "should", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

Such forward looking statements are based on numerous assumptions regarding the Enlarged Group's present and future business strategies and the environment in which the Enlarged Group will operate in the future. These forward looking statements speak only as of the date of this announcement. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information

or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

The contents of the Company's website (or any other website) do not form part of this announcement.

PART I OVERVIEW

1. INTRODUCTION

On 20 October 2021, the Company announced that it had received Shareholder approval at its General Meeting held that day to amend the Company's investing policy to one that is focused on investment and acquisition opportunities across the healthcare and pharmaceutical sectors, particularly in new and emerging therapeutic areas.

On 28 October 2021, the Company announced that it had conditionally agreed to acquire the fully diluted issued share capital of Vertigrow, whose subsidiary, CPL, is one of the UK's first pharmaceutical companies licenced to grow high Δ^9-tetrahydrocannabinol ("THC") cannabis for treatments and medicinal products in the pain and chronic pain market. The total consideration for the Acquisition is £80,000,000, which will be satisfied through the issuance of 48,484,848 Ordinary Shares at a price of 165 pence per share.

In support of the Acquisition of Vertigrow, the Company made available a loan to Vertigrow of up to £4.25 million, which has been partially drawn down and principally applied to accelerate Vertigrow's capital expenditure in its Midlands based facility in support of the business' growth plans ahead of Completion.

In addition, the Company is proposing to undertake a Fundraising pursuant to which it proposes to raise, subject to certain conditions, £8.5 million (before expenses) by the conditional placing of 5,151,516 new Ordinary Shares at the Placing Price to certain institutional and other investors pursuant to the Placing which includes up to £1.6 million (before expenses) by up to 972,723 Ordinary Shares at the Issue Price being issued directly by the Company to subscribers under the Subscription. The proceeds of the Fundraising will be used to fund the Enlarged Group's working capital requirements following Completion, as described in paragraph 9 of this Part I. The Fundraising is conditional (amongst other things) upon the passing of certain resolutions in order to ensure that the Directors have the necessary authorities and powers to allot the New Ordinary Shares.

The Placing Price of 165 pence per share represents a discount of nil per cent. to the closing middle market price of 165 pence per Ordinary Share on 21 September 2021 (being the last business day before the Ordinary Shares were suspended as a result of the Company announcing that it was in discussions for a potential acquisition which would be classified as a reverse takeover pursuant to the AIM Rules for Companies).

The Loan Agreement is classified as a substantial transaction under the AIM Rules for Companies. The Acquisition constitutes a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies and as such will require the approval of Shareholders.

Under presumption 9 of the Takeover Code's definition of acting in concert, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies are presumed to be acting in concert.

On completion of the Acquisition and Placing, the Concert Party will hold 41,874,525 Ordinary Shares on Admission, representing approximately 67.9 per cent of the Enlarged Share Capital. Details of the Concert Party are set out in paragraph 15 of Part I of this announcement. Under Rule 9 of the Takeover Code, the Concert Party would normally then be obliged to make a general offer to all Shareholders (other than the Concert Party) to acquire all the Ordinary Shares not owned by the Concert Party. The Panel has agreed to waive this obligation subject to the approval by the Independent Shareholders of the Whitewash Resolution (on a poll) at the General Meeting. The Acquisition is therefore also subject to the approval of the Whitewash Resolution by the Independent Shareholders. Your attention is drawn to paragraph 14 of this Part I and Part VI of the Admission Document which contains further information on the Takeover Code and the Whitewash Resolution.

The Company is amending its articles of association by adding a new provision preventing the Company from engaging in the production and/or supply of cannabis for recreational use or otherwise carrying out any activity which is unlawful, and proposing to change its name to Celadon Pharmaceuticals plc.

Approval of the Proposals by the Shareholders will be sought at a General Meeting convened for 10.00 a.m. on 25 March 2022 at the offices of Canaccord Genuity Limited at 88 Wood St, London EC2V 7QR. The notice of the General Meeting is set out at the end of the Admission Document. Trading in the Existing Ordinary Shares is expected to be restored following publication of the Admission Document at 7.30 a.m. today, 28 February 2022. On completion of the Acquisition, the Company will cease to be an investing company for the purposes of the AIM Rules and will become an operating company instead.

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM and trading is expected to commence in the New Ordinary Shares, and recommence in the Existing Ordinary Shares at 8.00 a.m. on 28 February 2022.

2. BACKGROUND ON THE COMPANY

Summerway Capital Plc was admitted to trading on AIM on 19 October 2018, with the strategy to acquire companies or businesses which the Directors believe have the potential for strategic, operational and performance improvement opportunities in the wider household and consumer goods sector. On its original admission to AIM, the Company raised gross proceeds of £6 million.

On 15 January 2021, the Company amended its investing policy to focus on software, Software-as-a-Service and digital technologies and services sectors, and completed a placing raising gross proceeds of £1.7 million.

From January 2021 up until September 2021, the Company had continued to explore opportunities across the technology sector but during this time, had remained cognisant of and open to certain other sector opportunities, which whilst outside of the Company's investing policy at the time, the Directors considered to be attractive options for the Company's existing Shareholders, many of whom invested at the time of the Company's original admission to AIM.

On 21 September 2021, the Company announced that it had been presented with opportunities in the healthcare and pharmaceutical sectors, which, should the Company's Shareholders support, would necessitate an amendment to its current investing policy. The Company also announced that it was in discussions with an immediate opportunity in the healthcare and pharmaceutical sector which it would pursue, subject to Shareholders supporting the change in investing policy. At the same time, the Company also announced that in conjunction with its proposed amendment to its investing policy and move away from the technology sector, the resignations of the then Chairman Vinodka Murria OBE, and Non-executive Directors Paul Gibson and Tony Morris, and the appointment of Elizabeth ("Liz") Shanahan as independent Non-executive Director of the Company. Liz Shanahan is a highly experienced healthcare and pharmaceutical entrepreneur, and 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 acquisition in August 2021. The Company's current Board consists of Benjamin Shaw as Interim Chairman, and David Firth and Liz Shanahan as Independent Non-Executive Directors.

The Company's proposed amendment to its investing policy was approved by Shareholders on 20 October 2021, and the Company's focus is on investment and acquisition opportunities across the healthcare and pharmaceutical sectors, particularly in new and emerging therapeutic areas.

On 28 October 2021, the Company announced the proposed Acquisition. The Directors believe there are numerous opportunities to invest in, or acquire businesses that can be organically or acquisitively grown to become leading healthcare and pharmaceutical companies, and in the proposed Acquisition, the Directors believe they have identified a business which meets the criteria and would provide a compelling acquisition as part of the Company's growth strategy under its amended investing policy.

3. SUMMARY INFORMATION ON VERTIGROW TECHNOLOGY LIMITED

The Celadon Group is a UK based pharmaceutical group that was established in 2018 and is focused on growing highly controlled indoor hydroponic, high THC cannabis for use within medicinal products used to treat chronic pain. Through LVL, Vertigrow has also commenced the planning of research into cannabinoids for use in chronic pain and, through Kingdom, has commenced research into the treatment of other conditions such as autism, within the UK's highly regulated market.

On 23 July 2021, Vertigrow's subsidary, CPL received a Home Office Licence following approval from the Medicines and Healthcare products Regulatory Agency (the "**MHRA**") to apply for the licence, allowing it to legally grow medicinal cannabis in the UK for the purpose of producing test batches of cannabis oil to support its application to the MHRA for registration as a manufacturer of medicinal product APIs. This licence was renewed on 12 January 2022 for a 12 month period and as part of that renewal CPL changed its analytical testing partner. The process of obtaining this licensing is complex, took over two years, required material investment and is technically extensive. The Directors and Proposed Directors believe this is one of the first such Home Office Licences granted in the UK. Following the satisfactory production of test batches of cannabis oil, Celadon will apply for MHRA registration and if this is successfully received, Celadon will also apply for a new licence from the Home Office. Once received, the new Home Office licence would be required to be renewed annually. The receipt of MHRA registration and a new Home Office licence will enable the business to then supply medicinal cannabis (in the form of an API to manufacturers of

finished medicinal products, which in this case is an extracted oil used in the finished pharmaceutical product) with a high THC content in the UK, allowing it an opportunity to enter what is expected to be a substantial, extensively regulated and fast-growing UK market.

The Celadon Group has a 100,000 square foot facility located in the Midlands, UK, that comprises (i) a laboratory designed to meet UK-GMP standards; and (ii) capacity for a large growing facility that has received a Home Office Licence to legally grow test batches of high THC cannabis in accordance with GACP guidelines. Once fully licensed, at full capacity, the Directors and Proposed Directors believe that the facility can expect to produce an estimated nine tonnes of dry flower per year, which could supply up to circa 50,000 patients per annum, and assuming 15 grams per patient per month at £10 per gram, has the potential to generate revenues of £90 million per annum, gross margins in the region of 65 per cent., and EBITDA margins in the region of 55 per cent.

Vertigrow has a majority shareholding in Harley Street (CPC) Limited ("LVL"), a prospective private pain clinic business, that is in the advanced stages of the approval process to be the prospective sponsor of a MHRA and Research Ethics Committee ("REC") authorised clinical trial for medicinal cannabis for patients suffering chronic pain in the UK (the "Trial"), which the Directors and Proposed Directors believe would, once approved by the MHRA and the REC, be the only authorised trial investigating the use of medicinal cannabis for the treatment of chronic pain in the UK at the time it commences. The aim of the Trial will be to document and demonstrate the safety and efficacy of cannabinoids, in the form of a third party cannabis-based medicinal product, for the treatment of chronic pain related conditions. Following successful completion of the Trial, which shows safety and efficacy, the Celadon Group expects to be in a position to present the data from the Trial to NICE in a form that may enable NICE to recommend the type of cannabis-based medicinal product studied in the Trial for prescription on the NHS for the uses studied in the Trial, and, as a result, further facilitate the legal use of medicinal cannabis in the UK. LVL has received conditional approval for the Trial from the MHRA, subject to, among other things, approval by the REC. Ahead of the Trial being approved by the REC, it has suggested that LVL conduct a pilot feasibility study utilising the same protocols as the Trial at a point after patients have been onboarded at participating private pain clinics for treatment with medicinal cannabis (the Study). In November 2021, REC approved the Study for a minimum of 100 patients, as REC wanted to observe the initial patient take-up before they would approve the commencement of the Trial. The first patients have now been onboarded for treatment under the protocols for the Study and Trial, and LVL have advised that the initial patient feedback has been extremely positive (with patients reporting material reduction in pain, ability to sleep and improvements in their quality of life). These patients have also agreed to enrolment in the Study, with a view to the Study commencing in March 2022. Once at least 100 patients have been recruited to the Study, LVL will meet again with REC to seek formal approval to start the Trial for up to 5,000 patients. REC have agreed that the data collected in the Study can be included in the results of the Trial.

Vertigrow has an experienced management team, that includes experts in research and development, plant cultivation and pharmaceutical manufacturing, who the Directors and Proposed Directors believe will enable the business to optimise cultivation and the development of cannabinoid derived medicines.

The table below sets out Celadon Group's summary financial information prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("**IFRS**"). This is only a summary. Shareholders are advised to read the whole of the Admission Document, including the historical financial information as set out in Part IV (*Historical financial information*) of the Admission Document which contains historical financial information of the Celadon Group for the 9 month period ended 31 December 2019, the 6 month period ended 30 June 2020, the year ended 31 December 2020 and the 6 month period ended 30 June 2021, CPL for the period ended 30 September 2019 and the 15 months ended 31 December 2020 and the Celadon Group for the year ended 31 August 2021, and not rely solely on this summarised information. **The following financial information for Celadon Group has been derived from the financial information contained in Part IV of the Admission Document and should be read in conjunction with the full text of the Admission Document. Investors should not rely solely on the summarised information.**

Summary historical financial information of Celadon Group

	Nine month period ended 31 December 2019 (audited) £	**Year ended 31 December 2020 (audited) £**	**Six month period ended 30 June 2020 (unaudited) £**	**Six month period ended 30 June 2021 (unaudited) £**
Revenue	-	-	-	-
Operating loss	(35,589)	(720,647)	(308,409)	(1,844,403)
Loss before taxation	(113,773)	(1,059,793)	(308,152)	(2,857,653)

4. BACKGROUND TO AND REASONS FOR THE ACQUISITION

As announced on 21 September 2021, the Company had been presented with opportunities across the healthcare and pharmaceutical sectors, which, should the Company's Shareholders support, would necessitate an amendment to its current investing policy. The Company also announced that it was in discussions with an immediate opportunity in the healthcare and pharmaceutical sector which it would pursue, subject to Shareholders supporting the change in investing policy. The Company's Shareholders approved amendments to its investing policy on 20 October 2021.

The Directors believe there are numerous opportunities to invest in, or acquire, businesses that can be organically or acquisitively grown to become leading healthcare and pharmaceutical companies. In Celadon, the Directors believe they have identified a business which meets the criteria and would provide a compelling acquisition as part of the Company's growth strategy. In particular, the Directors believe the Acquisition is in the best interests of the Company and Shareholders for the following reasons:

- The Celadon Group has an evidenced early mover advantage in that the Directors and Proposed Directors believe it is one of the UK's first organisations to be licenced by the Home Office to grow high THC medicinal cannabis. Obtaining such licensing is complex and requires material investment, expertise and time;
- The business is operating within a highly regulated market with substantial growth potential, benefiting from positive tailwinds and strong regulatory and operational barriers to entry;
- The business has an experienced leadership and operational team;
- Vertigrow's subsidary, LVL, owns a MHRA conditionally approved cannabis trial that, if it shows safety and efficacy, the Directors believe will provide a robust data set and an opportunity to present such data to NICE that may enable NICE to recommend the type of cannabis-based medicinal product studied in the Trial for prescription on the NHS for the uses studied in the Trial;
- At full capacity, the Directors and Proposed Directors believe that Celadon's facility has the potential to generate revenue of £90 million per annum with EBITDA margins approximately 50 per cent based on certain assumptions around the average amount of usage of cannabis per patient;
- This is a scalable manufacturing model as the UK market expands; and
- Celadon provides the Company with a strong foundation from which accretive, complementary M&A or other opportunities could be executed in augmenting Celadon's growth initiatives.

5. FURTHER GROWTH OPPORTUNITIES AND STRATEGY FOR THE ENLARGED GROUP

The Directors and Proposed Directors believe that the Enlarged Group is positioned as one of the first businesses to receive the requisite licences in the UK to grow, manufacture and sell high THC content medicinal cannabis API in the UK. Achieving the various authorisations and licences is time consuming having taken Celadon over two years to reach the current status of the licence applications, including receiving a Home Office Licence to grow test batches to support Celadon's application for MHRA registration as an API manufacturer. It is also an expensive and complex process, requiring significant amounts of upfront expenditure before an application for MHRA registration can be made and Home Office approval sought. The Directors and Proposed Directors believe that this represents a material barrier to entry for other businesses seeking to research, grow and manufacture high THC medicinal cannabis in the UK.

The Enlarged Group's organic strategy is to facilitate access to high THC medicinal cannabis by undertaking trials, documenting and sharing the resulting data and educating physicians, and forming partnerships with other parties seeking to manufacture and utilise cannabinoid-derived medicines. Following receipt of the relevant UK-GMP authorisation from the MHRA, and a new licence from the Home Office, the Enlarged Group intends to cultivate and manufacture cannabinoid derived API from its own facilities and supply its API to the UK manufacturing market.

In supplementing the Enlarged Group's organic growth strategy, the Directors and Proposed Directors will also consider selective inorganic growth opportunities where there is potential to invest in, or acquire, high quality, complementary specialist businesses operating within the sector. This may involve transactions where target companies increase the scale of the Group's existing operations, provide for vertical integration, or facilitate entry into adjacent markets or territories. Following such an acquisition, the Directors and Proposed Directors would then seek to realise revenue and cost synergies to drive value from any inorganic growth activity.

6. CURRENT TRADING AND FUTURE PROSPECTS

(a) *The Company*

A summary of the Company's audited interim results for the twelve month period ended 31 August 2021 can be found at section F of Part IV of the Admission Document. Since 31 August 2021, the Company has continued to incur general operating expenses in line with its budget, as well as certain transaction related expenses incurred as part of the Acquisition. On 28 October 2021, the Company also announced that it had made available a loan of up to £4.3 million to Vertigrow in order for Vertigrow to accelerate its growth plans ahead of Completion. To date, £2.1 million of this loan has been drawn down by Vertigrow. As such, the Company's unaudited cash balance following the advancing of the loan stands at £4.4 million as at 25 February 2022, being the last practicable date prior to the publication of the Admission Document. As part of the Proposals, the Company has amended its year end to align with Vertigrow's at 31 December.

(b) *Vertigrow*

Since 30 June 2021, being the latest financial information included in the Admission Document, the Celadon Group has continued to trade in line with Vertigrow's management team's expectations. Following its acquisition of LVL, the Celadon Group has to date generated minimal revenue through its non-wholly owned subsidiary, LVL, as LVL has commenced its clinic business and the Study. For the six month period ended 30 June 2021, Vertigrow incurred a loss before tax of £2.9 million as the business continued to invest in the development of its Midlands based facility and execute on its business plan.

(c) *The Enlarged Group*

The Directors and Proposed Directors believe that the Acquisition will provide an ideal platform for the Enlarged Group, and a strong foundation from which Vertigrow can grow and become one of the leading medicinal cannabis API growers and suppliers within the UK. In obtaining readmission to the Enlarged Share capital to trading on AIM, the Enlarged Group shall also have the ability to access further capital for financing organic growth opportunities and/or accretive acquisitions or partnerships, which if successfully concluded, is expected to augment organic growth, within a nascent and rapidly growing sector.

7. PRINCIPAL TERMS OF THE ACQUISITION

On 28 October 2021, the Company entered into the Acquisition Agreement with the Celadon Sellers pursuant to which the Company has conditionally agreed to acquire the fully diluted share capital of Vertigrow.

The consideration for the Acquisition is £80,000,000, which will be satisfied on Completion by the issue of 48,484,848 Ordinary Shares at a price of 165 pence per Ordinary Share.

Completion of the Acquisition Agreement is conditional on the approval of the Resolutions at the General Meeting and Admission. In addition, the Acquisition is conditional (amongst other things) on conversion notices having been irrevocably given by all of the Celadon CLN Holders in respect all of the Celadon CLNs such that conversion occurs simultaneously with or immediately following completion of the Acquisition and Vertigrow having exercised its rights to satisfy its obligations in respect of such conversion notices through the issue by the Company of the Consideration Shares.

Pursuant to the Acquisition Agreement, the Celadon Founders (save for James Short, who has entered into the Placing Agreement) and applicable Celadon consultants have each also agreed to enter into the Lock-in Deeds.

Further details relating to the Acquisition Agreement and the Placing Agreement are set out in paragraphs 15.1.2 (Acquisition Agreement) and 15.1.3 (Placing Agreement) respectively of Part VII (Additional Information) of the Admission Document.

8. DETAILS OF THE FUNDRAISING

5,151,516 new Ordinary Shares are being placed on behalf of the Company, representing a total of 36.4 per cent. of the issued share capital of the Company immediately following the First Placing and the Second Placing (assuming they are fully placed) and up to 972,723 new Ordinary Shares are being issued directly by the Company to subscribers under the Subscription.

The Company is proposing to raise gross proceeds of approximately £8.5 million by the conditional placing of the new Ordinary Shares pursuant to the Placing and the Subscription.

The Placing Shares will represent approximately 6.8 per cent. of the Enlarged Share Capital on Admission and the Subscription Shares will represent approximately 1.6 per cent. of the Enlarged Share Capital on Admission.

The Placing of the First Placing Shares and the Second Placing Shares will be conducted in two tranches over two Business Days to assist investors in the First Placing to claim VCT Relief. The First Placing Shares will be issued to the relevant placees on the day prior to Admission and the Second Placing Shares will be issued to the relevant placees on Admission. The Second Placing is conditional upon the First Placing and Admission.

The First Placing Shares will, on issue, rank pari passu in all respects with the existing Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid in respect of the Ordinary Shares. The Second Placing Shares and the Subscription Shares will, on Admission, rank pari passu in all respects with the existing Ordinary Shares and the First Placing Shares. The Placing Shares and the Subscription Shares will be issued free of any expenses and stamp duty. The Placing Shares and the Subscription Shares are in registered form, and the Enlarged Share Capital will be free from restrictions on transfer and freely transferable.

Pursuant to the Placing Agreement, Canaccord Genuity has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares. The Company, the Directors and the Proposed Directors have given certain warranties (and the Company has given an indemnity) to Canaccord Genuity, all of which are customary for this type of agreement.

Each of the Directors and Proposed Directors who will hold Ordinary Shares following Admission have entered into lock-in and orderly market arrangements pursuant to the Placing Agreement as set out below in paragraph 12 of this Part I.

In addition, the Company and certain subscribers for new Ordinary Shares have entered into subscription letters relating to the Placing pursuant to which, subject to certain conditions, such subscribers shall subscribe for, in aggregate, 972,723 new Ordinary Shares to be issued by the Company at the Placing Price.

The First Placing which is not underwritten or guaranteed, is conditional, inter alia, on:

(i) the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms; and

(ii) the First Placing Shares having been unconditionally allotted and issued no later than 25 March 2022 (or such later date as Canaccord Genuity and the Company may agree, being no later than 12 April 2022).

The Second Placing and the Subscription, neither of which is underwritten or guaranteed, are conditional, inter alia, on:

(i) the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission;

(ii) the First Placing having completed no later than 25 March 2022 (or such later date as Canaccord Genuity and the Company may agree, being no later than 12 April 2022); and

(iii) Admission occurring no later than 28 March 2022 (or such later date as Canaccord Genuity and the Company may agree, being no later than 12 April 2022).

The structuring of the Placing as the First Placing and the Second Placing is intended to assist those participating in the First Placing to qualify their new Ordinary Shares under the EIS and VCT purposes. For more detail see paragraph 21 of Part I of this announcement.

Canaccord Genuity is entitled to terminate the Placing Agreement and not proceed with the Placing at all prior to completion of the First Placing or with respect to the Second Placing only prior to Admission if, prior to completion of the First Placing or Admission respectively, certain events occur including circumstances where any of the warranties are found to be untrue, inaccurate or misleading or the occurrence of certain force majeure events. If such right is exercised by Canaccord Genuity, the Placing will lapse and any monies received in respect of the Placing will be returned to investors without interest.

Further details of the Placing Agreement are set out in paragraph 15.1.3 of Part VII and the terms and conditions of the Placing are set out in Part VIII of the Admission Document. Further details of the subscription letters are set out in paragraph 15.1.9 of Part VII of the Admission Document.

The First Placing Shares and the Second Placing Shares will, on Admission, rank pari passu in all respects with the existing Ordinary Shares in issue and will participate in full for all dividends and other distributions

thereafter declared, made or paid on the Ordinary Share capital of the Company. The Placing Shares will, immediately on and from Admission, be freely transferable.

The Ordinary Shares have not been, and will not be registered under the US Securities Act or with any regulatory authority of any state or other jurisdiction of the US and may not be offered or sold within the US.

9. USE OF PROCEEDS

The Fundraising is expected to raise up to £8.5 million (before expenses). After the remaining expenses of the Fundraising, the Acquisition and Admission, estimated to be £2.4 million (excluding VAT) in total, the Company is expected to receive approximately £6.1 million from the Fundraising.

When aggregated with the Company's unaudited cash balance of £4.4 million as at 25 February 2022, and Vertigrow's unaudited cash balance of £1.4 million as at the same date, the Enlarged Group shall have pro forma net cash of approximately £11.9 million, prior to incurring any additional expenditure between the date of the Admission Document and Admission.

The Enlarged Group's pro forma net cash of approximately £11.9 million shall be utilised as follows:

- Approximately £5.0 million will be used to facilitate the development of Celadon's Midlands based facility; and
- Approximately £6.9 million will be used to support the grow phase of the Enlarged Group's business model including general operating expenses, culminating in the production of its own medicinal cannabis supply for use within select end user markets.

10. DIRECTORS AND PROPOSED DIRECTORS

The Board of the Company currently comprises an Interim Chairman, Benjamin Shaw, and two Independent Non-Executive Directors, David Firth and Liz Shanahan. The Directors have ultimate responsibility for managing the Company's business in accordance with its articles of association and assessing the appropriateness of its investing policy and strategy.

As a Board, the Directors collectively have experience in the healthcare and pharmaceutical sectors, making minority investments in companies and also undertaking acquisitions of companies. The Company is currently internally managed and there is no appointed investment manager. On Completion of the Acquisition, the Company will cease to be an investing company for the purposes of the AIM Rules and will become an operating company instead.

The Directors are as follows:

Benjamin Shaw, Interim Chairman (aged 53)

Ben is currently a partner of AFS Advisors LLP and Romana Capital LLP (previously Marwyn International LLP). He has worked extensively in private equity and investment management. Ben was a co-founder of the Marwyn group, an award-winning fund management and advisory business based in London and Jersey 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 his 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, Advanced Computer Software plc and Breedon Aggregates plc.

Ben has broad private and listed company board level experience.

David Firth, Independent Non-Executive Director (aged 61)

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

Elizabeth ("Liz") Shanahan, Non-Executive Director (aged 57)

Liz 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 a life sciences entrepreneur with extensive experience advising leading global pharmaceutical and healthcare organisations on their communications. 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.

On Admission, Benjamin Shaw shall stand down from the Board, and David Firth and Liz Shanahan shall continue in their roles as Independent Non-Executive Directors.

In addition, the following Proposed Directors will be appointed directors of the Company with effect from Admission:

Alexander Anton, proposed Non-Executive Chairman (aged 62)

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. 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.

James Short, proposed Chief Executive Officer (aged 53)

James is the founder and CEO of Vertigrow. James has had a successful track record in the construction industry and then in the renewable energy sector. He co-founded the waste to energy business Bio-Gen Power Ltd and sold stakes to Ener-G Holdings PLC in 2007 and to FTSE 100 company International Power in 2008. He sold the company in 2010. Subsequently, James commissioned the feasibility study and obtained planning permission for the development of the £984 million 1,500 megawatt combined cycle gas turbine power plant at Thorpe Marsh in North Doncaster in partnership with Acorn Power and GE. In 2014 he sold the development to GE. Latterly James has been involved in a cyber business that sells its product into a number of NHS hospitals.

Kathleen ("Katie") Long, proposed Chief Financial Officer (aged 43)

Katie qualified as a Chartered Accountant in 2002 with the Institute of Chartered Accountants Australia and has a degree in Commerce from the University of Melbourne.

Katie started her career as an auditor at Ernst & Young, working on external audits within the financial services sector, and then moved into banking, focusing on the financial reporting of complex structured products under IFRS and US GAAP. In 2008, Katie joined Marwyn Capital LLP as an Investment Manager, where she led and managed a number of the fund's investments, alongside the provision of corporate finance advice to listed portfolio companies. Katie co-founded Tessera Investment Management Limited in 2012, a specialist provider of in-house transaction management support to organisations undertaking M&A and capital raising activities, where she remains a director and a shareholder.

Katie was previously the Chief Financial Officer of AIM-listed Oxford BioDynamics Plc and is currently also a Non-Executive Director of a venture capital backed cyber security company, RazorSecure Limited.

Robert ("Robbie") Barr, proposed Senior Independent Non-Executive Director (aged 63)

Robbie is an experienced operator and director having spent the majority of his executive career with Vodafone PLC where he held senior executive positions, including group financial controller. Robbie is a Senior Advisor to OMERS Private Equity and Infrastructure in Europe and a Non-Executive director of Associated British Ports Holdings, Chairman of Vue International, the cinema group, and a member of the supervisory committee of rail wagon leasing company VTG AG.

Robbie was formerly executive chairman of Four Seasons Health Care from 2014 to 2018 and of Odeon & UCI Cinemas from 2012 to 2016. From 2009 to 2015 he was a managing director of the private equity firm Terra Firma Capital Partners.

Dr Steven ("Steve") Hajioff, Non-Executive Director (aged 56)

Steve has been a leader and innovator in healthcare and health policy for thirty years. He was the Chairman of the Representative Body of the British Medical Association (BMA) from 2010 to 2013 and has worked as a Medical Director or Chief Medical Officer in several organisations including Bupa Health Dialog, Totally PLC, Pain Management Solutions Ltd and The Knowde Group.

He previously advised NHS England on specialized services, including rare disease, orphan drugs and low-volume high cost procedures and has been an adviser to the National Institute for Health and Care Excellence (NICE) in a range of capacities since 2012. He is currently a member of their Quality Standards Advisory Committee.

He was, until recently, a Director of Public Health and a member of the Governing Body of a Clinical Commissioning Group in west London. Steve runs his own consultancy business and specialises in healthcare market access and reimbursement, clinical opportunity analysis and health policy.

Steve is currently the Chief Medical Officer at Sana Life sciences and is a scientific adviser to Phytome Life Sciences. He is also a Senior Lecturer at Imperial College London. He was formerly a member of the Medical Ethics Committee of the British Medical Association; one of the most influential bodies in UK clinical ethics.

In June 2015, the British Medical Association awarded Steve their highest honour, the Gold Medal for Distinguished Merit.

11. CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance, which should be commensurate with the size and complexity of the Company currently, appropriate for the Enlarged Group following Admission, and in the interests of the Shareholders. The Directors consider that the Company complies, so far as practicable, with the QCA Corporate Governance Code published by the Quoted Companies Alliance to the extent appropriate having regard to the size and nature of the Company, and that this compliance with the QCA Corporate Governance Code shall continue following Admission as an Enlarged Group.

The Board will be responsible for the overall management of the Enlarged Group including the formulation and approval of the Enlarged Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group the Enlarged Group's strategy, policies and plans. While the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will meet regularly to review performance.

The QCA Code recommends at least two members of the Board comprise non-executive directors determined by the Board to be independent. On Admission, the Board will comprise seven directors, two of whom shall be executive directors and five of whom shall be non-executive directors, reflecting a blend of different experience and backgrounds. Robert Barr, David Firth, Elizabeth Shanahan and Dr. Steven Hajioff will be considered independent from Admission. The Board considers that four of the non-executives to be independent and, as such, the Company will comply with the requirements of the QCA Code in this regard. Alexander Anton is considered as non-independent because he is a participant in the Subsidiary Incentive Scheme.

The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors will receive appropriate and timely information. Briefing papers will be distributed to all Directors in advance of Board meetings. All Directors will have access to the advice and services of the Company Secretary, who will be responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures will be in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Board Committees

The Company will, upon Admission, have established Audit, Nomination and Remuneration Committees.

The Audit Committee will have David Firth as chairman, and will have primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Enlarged Group is properly measured and reported on and reviewing reports from the Enlarged Group's auditors relating to the Enlarged Group's accounting and internal controls, in all cases having due regard to the interests of

Shareholders. The Audit Committee will meet at least two times a year. Elizabeth Shanahan and Robert Barr will be the other members of the Audit Committee.

The Nomination Committee will have Alexander Anton as chairman, and will identify and nominate, for the approval of the Board, candidates to fill board vacancies as and when they arise. The Nomination Committee will meet at least once a year. Elizabeth Shanahan and Robert Barr will be the other members of the Nomination Committee.

The Remuneration Committee will have David Firth as chairman, and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee will meet at least twice a year. Robert Barr and Alexander Anton will be the other members of the Remuneration Committee.

12. LOCK-INS AND ORDERLY MARKET ARRANGEMENTS

The Directors and Proposed Directors who will hold Ordinary Shares following Admission, the Celadon Founders and applicable Celadon consultants have undertaken 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.

The Directors and Proposed Directors who will hold Ordinary Shares following Admission, the Celadon Founders and applicable Celadon consultants have also undertaken for a further 12 months thereafter, to, other than in agreed circumstances, effect all sales, transfers or other disposals of their Ordinary Shares through Canaccord Genuity or such other person may be the broker of the Company from time to time, with a view to maintaining an orderly market in the Ordinary Shares.

Such undertakings are in place in respect of 43,532,100 Ordinary Shares in total, representing 70.6 per cent. of the Enlarged Share Capital.

Further details of these arrangements are set out in paragraphs 15.1.3 and 15.1.7 of Part VII of the Admission Document.

13. 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 Enlarged Group 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 Enlarged Group, James Short has agreed to ensure that, amongst other matters, the Enlarged Group 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.

Further details of the relationship agreement are set out in paragraph 15.1.6 of Part VII of the Admission Document.

14. TAKEOVER CODE

The Takeover Code is issued and administered by the Takeover Panel. The Company is a public company incorporated in the UK and has its place of central management and control in the UK. Accordingly, the Takeover Code applies to the Company and, as a result, Shareholders are entitled to the benefit of the takeover offer protections provided under the Takeover Code.

Further information concerning the Takeover Code is set in paragraph 11 of Part VII of the Admission Document.

15. CONCERT PARTY

Under the Takeover Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. "Control" means an interest, or interests, in shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether such interest or interests give de facto control.

The Company has agreed with the Panel that James Short, Cormac Short, John Mitchell, Paul Allen and Jonathan Rickard are acting in concert for the purposes of the Takeover Code.

On Admission, the Concert Party will hold 41,874,525 Ordinary Shares, in aggregate representing approximately 67.9 per cent. of the Enlarged Share Capital. In addition, James Short is a participant in the

Subsidiary Incentive Scheme, pursuant to which certain employees and advisers will receive shares in the Company (or cash at the Company's option) based on an increase in shareholder value created over a three to five-year period adjusted for the issue of new Ordinary Shares, and taking into account dividends and capital returns. James Short will be entitled to a maximum of 2 per cent. of the shareholder value created, only in the event that the Company's market capitalisation has grown at 17.5 per cent. per annum compounded over a period of between three and five years from the Company's market capitalisation at Admission. If the maximum number of shares are issued to James Short, and assuming no other Ordinary Shares are issued, the members of the Concert Party will in aggregate be interested in 43,107,920 Ordinary Shares, representing approximately 68.5 per cent. of the then issued share capital (being the Enlarged Share Capital and such issue of Ordinary Shares in connection with the Subsidiary Incentive Scheme).

A summary of Rule 9 of the Takeover Code is set out in Part VI and paragraph 11.1 of Part VII of the Admission Document. Under the Takeover Code, if a person (or group of persons acting in concert) holds shares carrying more than 50 per cent. of the Company's voting rights, that person (or any person(s) acting in concert with him) will normally be entitled to increase their interest in shares without incurring any obligations under Rule 9 to make a mandatory offer. Accordingly each of the members of the Concert Party would (for so long as they continue to be treated as acting in concert) be able to increase their interest in shares without incurring any such obligation under Rule 9 to make a mandatory offer provided that no individual member would be able to increase their percentage interest in shares through the 30 per cent. threshold or between the 30 per cent. threshold and 50 per cent. without triggering an obligation to make a mandatory offer under Rule 9 of the Takeover Code ('Rule 9 threshold'), without Panel consent.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

On Admission, James Short will hold 26,046,928 Ordinary Shares, representing approximately 42.2 per cent. of the Enlarged Share Capital. Accordingly, James Short would not generally be able to increase his percentage interest in the Company without incurring an obligation to make an offer under Rule 9 of the Takeover Code, without an appropriate dispensation from the Panel. However, the other members of the Concert Party would be able to increase their percentage interest in shares as these are under the Rule 9 threshold and the Concert Party will in aggregate hold in excess of 50 per cent. of the Enlarged Share Capital. If the maximum number of shares from the exercise of the Subsidiary Incentive Scheme shares are issued to James Short only, and assuming no other Ordinary Shares are issued, James Short will hold 27,280,323 Ordinary Shares, in aggregate representing approximately 43.4 per cent. of the then issued share capital (being the Enlarged Share Capital and such issue of Ordinary Shares in connection with the Subsidiary Incentive Scheme).

Following the Acquisition, the Concert Party will hold 67.9 per cent. of the Company's Ordinary Shares, which would normally result in the requirement to make a general offer to all the remaining Shareholders to acquire their shares.

The Company has applied to the Takeover Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Acquisition without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders. The Takeover Panel has agreed, subject to Independent Shareholders' approval on a poll, to waive the requirement for the Concert Party to make a general offer to all Shareholders where such an obligation would arise as a result of the Acquisition.

Accordingly, the Whitewash Resolution being proposed at the General Meeting will be taken by means of a poll of Independent Shareholders voting at the General Meeting. None of the members of the Concert Party are entitled to exercise their voting rights in respect of the Whitewash Resolution, but may exercise their voting rights in respect of the remainder of the Resolutions. The waiver to which the Takeover Panel has agreed under the Takeover Code will be invalidated if any purchases of shares in the Company are made by any member of the Concert Party, or any person acting in concert with it, in the period between the date of the Admission Document and the General Meeting.

In the event that the Whitewash Resolution is approved by the Independent Shareholders:

- the Concert Party will hold 67.9 per cent. of the Enlarged Share Capital and (for so long as they continue to be treated as acting in concert) the Concert Party (and any person acting in concert with them) will be able to acquire further Ordinary Shares which increases their percentage of shares carrying voting rights of the Company without incurring an obligation to make a general offer to Shareholders under Rule 9 of the Takeover Code provided that no individual member of the Concert Party would be able to increase their percentage interest in shares through the 30 per cent. threshold or between the 30 per cent. threshold and 50 per cent. without triggering an obligation to make a mandatory offer under Rule 9 of the Takeover Code (unless a dispensation from this requirement has been obtained from the Panel in advance); and

- James Short will hold an interest in shares carrying not less than 30 per cent. of the voting rights of the Company but not hold shares carrying more than 50 per cent. of the voting rights of the Company and accordingly will not be able to acquire any further Ordinary Shares which increases his percentage of shares carrying voting rights of the Company without incurring an obligation to make a general offer to Shareholders under Rule 9 of the Takeover Code (unless a dispensation from this requirement has been obtained from the Panel in advance).

The Rule 9 Waiver will be invalidated if any purchase of Ordinary Shares is made by any member of the Concert Party or by any person acting in concert with any of them in the period between the date of the Admission Document and the General Meeting. No member of the Concert Party currently has any interest in or any right to subscribe for any Ordinary Shares (other than as a result of having entered into the Acquisition Agreement and no member of the Concert Party has dealt in any Ordinary Shares during the 12 month period prior to the date of the Admission Document. Should the Concert Party acquire any further interest in the Ordinary Shares or should any individual member of the Concert Party acquire any interest in the Ordinary Shares such that they are interested in 30 per cent. or more of the voting rights of the Company, the Panel may regard this as giving rise to an obligation upon the Concert Party or such individual member of the Concert Party (as the case may be) to make an offer for the entire issued share capital of the Company at a price no less than the highest price paid by the Concert Party or such individual member of the Concert Party in the previous 12 months. If the Resolutions are passed and the Acquisition completes, the Concert Party will not be restricted from making an offer for the entire issued share capital of the Company in the future.

Further information concerning the Concert Party is set out in Part VI and paragraph 11.2 of Part VII of the Admission Document. Further details about the Subsidiary Incentive Scheme are provided in paragraph 9 of Part VII of the Admission Document.

16. SHARE INCENTIVES

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

(a) Subsidiary Incentive Scheme

Under the terms of the Subsidiary Incentive Scheme, 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.

After Admission, it is intended that there will be 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) will be 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, the Placing Shares and the Subscription 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.

A maximum of 650,000 B2 Shares will be 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 and the Subscription 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 Admission.

A maximum of 600,000 B3 Shares will be 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, the Placing Shares and the Subscription 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 Admission.

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.

Further details of the Subsidiary Incentive Scheme are set out at paragraph 9.1 (*Subsidiary Incentive Scheme*) of Part VII (*Additional Information*) of the Admission Document.

(b) Other Incentives

At Admission, the Directors will have in place a Long Term Incentive Plan ("LTIP") for certain other key employees of, and consultants to the Company. Awards under the LTIP will consist of contingent rights or options to acquire Ordinary Shares for a subscription price equal to their nominal value (that is, £[0.01] per Ordinary Share). Awards will be subject to three year vesting periods, and where those awards are held by senior employees of the Company, a two year hold period following vesting of the awards. The Directors and Proposed Directors intend to grant awards under the LTIP up to a further 3.5 per cent. of the Company's issued share capital following Admission.

Further details of the LTIP are set out at paragraph 9.2 of Part VII (*Additional Information*) of the Admission Document.

(c) Aggregated dilution

In aggregate, the maximum potential dilution for Shareholders not participating in either the Subsidiary Incentive Scheme or LTIP will be up to 20 per cent. of the Company's issued share following Admission over the life of the schemes.

17. RELATED PARTY TRANSACTIONS

The issuance of B2 Shares under the Subsidiary Incentive Scheme to Alexander Anton, Benjamin Shaw and Katie Long and B3 Shares under the Subsidiary Incentive Scheme to James Short constitute related party transactions pursuant to Rule 13 of the AIM Rules. David Firth and Liz Shanahan, as Independent Non-Executive Directors consider, having consulted with the Company's nominated adviser, Canaccord Genuity, that the issuance of the B2 Shares to Alexander Anton, Benjamin Shaw and Katie Long, and B3 Shares to James Short is fair and reasonable insofar as the Company's Shareholders are concerned.

The participation in the Placing by Robert Barr and David Firth constitutes a related party transaction pursuant to Rule 13 of the AIM Rules. The Directors (other than David Firth), consider, having consulted with the Company's nominated adviser, Canaccord Genuity, that the participation in the Placing by Robert Barr and David Firth is fair and reasonable insofar as the Company's Shareholders are concerned.

18. CHANGE OF NAME AND AMENDMENT TO THE ARTICLES

The Directors intend, in accordance with the Articles, to change the name of the Company to Celadon Pharmaceuticals Plc on 25 March 2022, being the date of the General Meeting. In the event that Admission does not occur, the Directors intend changing the name of the Company back to Summerway Capital Plc. This process is being adopted due to the same day change of name service currently being unavailable at Companies House. Upon the change of name being registered at Companies House, the Company's AIM ticker symbol will be changed to CEL. The Company's website address will be changed to www.celadonpharma.com.

In addition, the Resolutions propose the addition of a new article in the Articles which will prohibit the Company from producing or supplying cannabis for recreational (as opposed to medicinal) use, or otherwise carrying out any activity which is unlawful.

19. DIVIDEND POLICY

As the Enlarged Group will be in the early stages of executing its growth plan, the Directors intend to retain any future earnings for the foreseeable future to finance the growth of the Enlarged Group and to provide capital growth for Shareholders. The Directors will however consider the payment of dividends when it becomes commercially prudent to do so in accordance with applicable laws and subject always to the Enlarged Group having sufficient cash and distributable reserves for this purpose.

20. TAXATION

The attention of prospective investors is drawn to the information regarding taxation set out in paragraph 10 of Part VII of the Admission Document. This information is intended only as a general guide to the current tax position under UK taxation law. If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.

21. EIS / VCT INVESTORS

The Company has received EIS advanced assurance from HMRC. The Company has not received advanced assurance from HMRC that the Company may be regarded as a "qualifying holding" under Chapter 4, Part 6 of the Income Tax Act 2007 for the purposes of investment by VCTs. The status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, inter alia, on the Ordinary Shares being held as a "qualifying holding" for VCT purposes throughout the period of ownership. Neither the Company nor the Directors give or have given any warranty, representation or undertaking that any EIS / VCT investment in the Company will be a qualifying holding.

If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.

22. BRIBERY ACT

The UK Government has issued guidelines setting out appropriate procedures for companies to follow to ensure that they are compliant with the UK Bribery Act 2010. The Company has implemented an anti-bribery and anti-corruption policy for the Enlarged Group that has been adopted by the Board.

23. LICENCES

The Enlarged Group holds through CPL a Home Office Licence, received on 23 July 2021 following approval from the MHRA to apply for the licence, which allows it to legally grow medicinal cannabis in the UK for the purpose of producing test batches of cannabis oil to support its application to the MHRA for registration as a manufacturer of medicinal product APIs. This licence was renewed on 12 January 2022 for a 12 month period and as part of that renewal CPL changed its analytical testing partner.

24. RISK FACTORS

Your attention is drawn to the risk factors set out in Part III of the Admission Document and to the section entitled "Forward Looking Statements" therein and the information contained in Part VII of the Admission Document (Additional Information). In addition to all other information set out in the Admission Document, potential investors should carefully consider the risks described and information contained in those sections before making a decision to invest in the Company.

25. ADMISSION, SETTLEMENT, CREST AND DEALINGS

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM, conditional on (amongst other things) Shareholder approval at the General Meeting. It is expected that Admission will become effective and dealings in the New Ordinary Shares will commence at 8.00 a.m. on 28 March 2022.

Following Admission, share certificates representing the New Ordinary Shares are expected to be despatched by post to subscribers who wish to receive New Ordinary Shares in certificated form by no later than 10 business days following Admission.

In respect of subscribers for Subscription Shares and/or Placing Shares who have requested to receive New Ordinary Shares in uncertificated form, New Ordinary Shares will be credited to their CREST stock accounts at 8.00 a.m. on 28 March 2022. In the case of subscribers for Subscription Shares and/or Placing Shares who have requested to receive new Ordinary Shares in certificated form, it is expected that share certificates will be despatched by post at the risk of the subscriber no later than 11 April 2022.

No temporary documents of title will be issued. All documents sent by or to a subscriber for Placing Shares or Subscription Shares who elects to hold Ordinary Shares in certificated form, or at his or her direction, will be sent through the post at the subscriber's risk. Pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company. The Company reserves the right to issue any New Ordinary Shares in certificated form should it consider this to be necessary or desirable.

26. GENERAL MEETING AND RESOLUTIONS

The Notice of General Meeting convenes a general meeting of Shareholders to be held at 10.00 a.m. on 25 March 2022 at the offices of Canaccord Genuity Limited at 88 Wood St, London EC2V 7QR. The Notice of General Meeting is set out at the end of the Admission Document. The following Resolutions will be proposed at the General Meeting:

(a) ***Resolution 1:*** The Acquisition will constitute a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies and as such will require the approval of Shareholders. Accordingly, Resolution 1 is an ordinary resolution to approve the Acquisition, subject to but not conditional on Admission.

(b) ***Resolution 2:*** The Acquisition and issuance of Consideration Shares to members of the Concert Party would trigger a mandatory takeover pursuant to Rule 9 of the Takeover Code. As such, the Rule 9 waiver granted by the Takeover Panel of the obligation which may otherwise arise pursuant to Rule 9 of the Takeover Code on any member of the Concert Party to make that general offer, will require the approval of Shareholders. Accordingly, Resolution 2 is an ordinary resolution to approve the waiver granted by the Takeover Panel, subject to Admission.

(c) ***Resolution 3:*** The Company does not currently have sufficient authority to allot shares under the Companies Act to effect the Fundraising or to issue the Consideration Shares. Accordingly, Resolution 3 is an ordinary resolution to ensure that the Directors have sufficient authority under s551 of the Companies Act to allot and issue the Consideration Shares and the Fundraising Shares. This authority will expire at the earlier of the Company's next annual general meeting to be held after the date of the passing of Resolution 3 and 25 September 2023.

(d) ***Resolution 4:*** That, subject to the passing of Resolution 3, the Directors shall be authorised to disapply pre-emption rights on the allotment of the Consideration Shares and the Fundraising Shares. If Resolution 4 is passed, the Directors will have the power, under the Companies Act, to allot the Fundraising Shares without offering those shares to existing Shareholders.

(e) ***Resolution 5:*** That, subject to the passing of Resolutions 1 and 2, the Articles be amended by the insertion of a new article prohibiting the Company from producing or supplying cannabis for recreational (as opposed to medicinal) use or otherwise carrying out any activity which is unlawful.

The authorities in Resolutions 1, 2, 3 and 4 are required to enable the Directors to issue the Consideration Shares pursuant to the Acquisition and to effect the Acquisition and the Fundraising. Resolutions 3 and 4 are in addition to the general authorities granted by Shareholders at the Company's prior annual general meeting. Resolution 5 amends the Articles.

Resolutions 1, 2 and 3 are ordinary resolutions and require a majority of more than 50 per cent. of the Shareholders voting to be passed. Resolutions 4 and 5 are special resolutions and require the approval of 75 per cent. of the Shareholders voting to be passed.

The Notice of General Meeting is contained at the end of the Admission Document and sets out the Resolutions in full.

27. IRREVOCABLE UNDERTAKINGS

Based upon the irrevocable undertakings from certain Shareholders and Directors who hold Ordinary Shares, the Company has received in aggregate irrevocable undertakings in respect of 6,048,409 Ordinary Shares, representing in aggregate 75.3 per cent of the Company’s issued share capital to vote in favour of the Resolutions to be put to Shareholders at the forthcoming General Meeting.

28. RECOMMENDATION

Benjamin Shaw, Interim Chairman of the Company, is supportive of the Proposals and the proposed Resolutions, although is not considered independent by virtue of his shareholding in the Company and his interest in the Subsidiary Incentive Scheme (further details of which are provided in paragraph 16 of this Part I).

The Directors, other than the Interim Chairman, who have been so advised by Canaccord Genuity, consider the Proposals to be fair and reasonable and in the best interests of the Company and its Shareholders as a whole. In providing advice to the Directors, other than the Interim Chairman, Canaccord Genuity has taken into account such Directors’ commercial assessments. The Directors, other than the Interim Chairman, unanimously recommend that Independent Shareholders vote in favour of the Whitewash Resolution as such Directors intend to do, or procure, in respect of the nil Ordinary Shares beneficially owned by them in aggregate representing approximately nil per cent. of the existing issued Ordinary Shares.

The Directors other than the Interim Chairman consider the passing of the remaining Resolutions (numbered 1 and 3 to 6) to be in the best interests of the Company and its Shareholders as a whole, and unanimously recommend Shareholders vote in favour of the Resolutions as such Directors intend to do, or procure, in respect of the nil Ordinary Shares beneficially owned by them in aggregate representing approximately nil per cent. of the existing issued Ordinary Shares.

PART II. THE CELADON GROUP AND ITS BUSINESS ACTIVITIES

1. SUMMARY

1.1 *Overview*

Celadon is a UK based pharmaceutical group that was established in 2018 and is focusing on growing indoor hydroponic, high quality THC cannabis for medicinal use for products within the chronic pain market. It also aims to conduct research into cannabinoids for use in chronic pain and other conditions, such as autism, within the highly regulated UK market.

On 23 July 2021, Vertigrow's subsidiary, CPL, received a Home Office Licence following MHRA approval to apply for it, allowing it to legally grow high-THC cannabis in the UK for the purpose of producing test batches of cannabis oil to support CPL's application for MHRA registration as a manufacturer of medicinal product APIs. This licence was renewed on 12 January 2022 in connection with CPL's change of analytical testing partner. As the change required an amendment to CPL's Home Office Licence dated 23 July 2021, CPL chose to renew the licence at the same time as making the amendment to accommodate the change of its analytical testing provider, instead of submitting an application to amend and in due course another application to renew. The Directors believe its Home Office Licence is one of the first such licenses granted in the UK. Following receipt of MHRA registration and the grant of a further licence from the Home Office permitting supply for manufacture into finished medicinal products, CPL will be able to supply medicinal cannabis (in the form of an API, which is a substance (extracted oil) used in a finished pharmaceutical product) with a high THC content in the UK, allowing it an opportunity to enter into what is expected to be a substantial, highly regulated and fast-growing UK market.

The Celadon Group has a 100,000 square foot facility located in the Midlands, UK, that comprises (i) a laboratory designed to meet UK-GMP standards; and (ii) capacity for a large growing facility that has received a Home Office Licence to legally start to produce test batches of high grade THC cannabis oil in accordance with GACP guidelines that will then enable CPL to invite the MHRA for an inspection. The Directors and Proposed Directors expect this inspection to result in the MHRA issuing a UK-GMP certificate to CPL confirming that it has met the relevant UK-GMP standards applicable to the production of API and for the MHRA to register CPL as an API manufacturer. Following this, and the grant of a further licence from the Home Office permitting supply for manufacture into finished medicinal products, CPL will be able to legally supply API to the UK market (i.e. to appropriately authorised manufacturers of finished medicinal products). Once licenced and at full capacity, the Directors and Proposed Directors believe the facility can be expected to produce an estimated nine tonnes of dry flower per year, which is expected to be enough product to supply up to circa 50,000 patients per annum.

Vertigrow has acquired a majority shareholding in Harley Street (CPC) Limited ("LVL"), a prospective private pain clinic business, that is in the advanced stages of the approval process to be the prospective sponsor of an MHRA authorised and REC approved clinical trial for medicinal cannabis for patients suffering chronic pain in the UK (the “Trial”),which the Directors and Proposed Directors believe would, once approved by the MHRA and the REC, be the only authorised trial investigating the use of medicinal cannabis for the treatment of chronic pain in the UK at the time it commences. The aim of the Trial is to document and demonstrate the safety and efficacy of cannabinoids, in the form of a third party cannabis-based medicinal product, for the treatment of chronic non-cancer pain related conditions. Following successful completion of the Trial, and if this shows safety and efficacy, the Celadon Group expects to be in a position to be able to present the data collected from the Trial to NICE in a form that may enable NICE to recommend the type of cannabis-based medicinal product studied in the Trial for prescription on the NHS for the uses studied in the Trial and, as a result, further facilitate the legal use of medicinal cannabis in the UK. LVL has received conditional approval for the Trial from MHRA, conditional on, among other things, obtaining approval by the REC. Ahead of the Trial being approved by the REC, it has suggested that LVL conduct a pilot feasibility study utilising the same protocols as the Trial at a point after patients have been onboarded at participating private pain clinics for treatment with medicinal cannabis (the Study). The purpose of the Study is to demonstrate the ability to engage and retain patients for the Trial. The Study will allow Vertigrow to carry

out an in depth evaluation of the patient-pathway in preparation for the Trial, which will be investigating the safety and efficacy of the medicinal product itself.

In November 2021, REC approved the Study for a minimum of 100 patients, as REC wanted to observe the initial patient take-up before they would approve the commencement of the Trial. The first patients have now been onboarded for treatment under the protocols for the Study and the Trial, and LVL have advised that the initial patient feedback has been extremely positive (with patients reporting material reduction in pain, ability to sleep and improvements in their quality of life). These patients have also agreed to enrolment in the Study, with a view to the Study commencing in March 2022. Once at least 100 patients have been recruited to the Study, LVL will meet again with REC to seek formal approval to start the Trial for up to 5,000 patients. REC have agreed that the data collected in the Study can be included in the results of the Trial.

Vertigrow has an experienced management team, that includes experts in research and development, plant cultivation and pharmaceutical manufacturing, who the Directors and Proposed Directors believe will enable the business to optimise cultivation and the development of the cannabinoid derived medicines.

1.2 *Key Investment Highlights*

1.2.1 *Highly regulated sector with high barriers to entry*

The Directors and Proposed Directors believe that Celadon is positioned to be one of the first businesses to be regulated to grow and manufacture high THC medicinal cannabis API in the UK. Achieving the various requisite authorisations, registrations and licences is time consuming, having taken CPL over two years to reach the current status of the licence and registration applications. It is also an expensive and complex process. The Directors and Proposed Directors believe this represents a material barrier to entry for other businesses seeking to research, grow and manufacture medicinal cannabis API with a high THC content in the UK.

The hurdles to creating an MHRA authorised trial are similarly challenging. LVL, who have designed the Trial, are experienced researchers and trial practitioners. The Trial has taken over two years to design and work through the authorisation steps with regulators and has cost SEEK over £4 million to develop.

1.2.2 *Large addressable market currently un-serviced in the UK*

In recent years, an increasing number of people have been using cannabinoids to treat a variety of conditions including chronic pain, cancer pain, anxiety disorders and neurological disorders. In the UK, a limited number of people are buying their cannabis using the existing legal “specials” framework. The majority of people are buying their cannabis on the black market. The Directors and Proposed Directors believe the low number of legal users is primarily due to administrative complexities and cost related to the importation of medicinal cannabis from outside the UK.

Imperial College research suggests that chronic pain (defined as pain that persists for three months or more) affects c. 28 million people in the in the UK; of those, up to 8 million people suffer severe chronic pain. Chronic pain is currently treated using opioids (which are the most common treatments utilised), paracetamol, anti-neuropathic agents and non-steroidal anti-inflammatory drugs, all of which potentially have damaging side effects. The UK Government has estimated that of the c. 8 million people in the UK with chronic pain, c. 3 million would be eligible for a prescription of cannabinoids on the NHS.

YouGov estimates that up to 1.4 million people in the UK are currently using cannabis to treat pain by acquiring it on the black market at a cost the Directors and Proposed Directors estimate at an average of £300-£600 per month per person.

Consequently, the UK represents a substantial potential market for medicinal cannabis with an estimated annual value of up to £2.3 billion by 2024.

1.2.3 *Celadon is well positioned in the UK market*

The Directors and Proposed Directors believe CPL is positioning itself to capitalise on the UK market opportunity and has a clear strategy to facilitate patient usage and then service that demand with CPL's growing high quality, high-THC cannabis, and in due course, manufacture cannabinoid derived medicine API once authorised by the MHRA. On 23 July 2021, Vertigrow's subsidiary, CPL, received its initial Home Office Licence for the purpose of producing test batches of cannabis oil to support CPL's application for MHRA registration as a manufacturer of medicinal product APIs. This licence was renewed on 12 January 2022.

Receipt by CPL of MHRA registration and the Home Office issuing a further licence permitting supply of high-THC cannabis products for manufacture into finished medicinal products will mean that CPL will be able to grow its own product in its UK facility and sell API into the UK market to appropriately authorised

manufacturers of finished medicinal products, and medicines containing that API can then be supplied to patients in the private market using the established "specials" framework (i.e. on an individual prescription named basis) but without the current administrative barriers and cost that are currently in place for overseas based growers of medicinal cannabis, which also requires the importation of foreign grown cannabis.

The Celadon Group also holds a majority interest in LVL, a prospective pain clinic business that will be able to treat private patients under the "specials" framework and that will act as a sponsor of what the Directors and Proposed Directors believe will be the only MHRA and REC authorised trial investigating the use of medicinal cannabis for the treatment of chronic pain in the UK at the time it commences. The Directors and Proposed Directors believe the Trial will (i) materially improve accessibility of medicinal cannabis for patients; and (ii) collect clinical trial data that aims to document and demonstrate the efficacy of the type of cannabis-based medicinal product studied in the Trial for use for various non-cancer related pain to doctors and medical practitioners and ultimately for presentation of such data to NICE and the NHS.

In November 2021, REC approved the Study for a minimum of 100 patients, as REC wanted to observe the initial patient take-up before they would approve the commencement of the Trial. The first patients have now been onboarded for treatment under the protocols for the Study and Trial, and LVL have advised that the initial patient feedback has been extremely positive (with patients reporting material reduction in pain, ability to sleep and improvements in their quality of life). These patients have also agreed to enrolment in the Study, with a view to the Study commencing in March 2022. Once at least 100 patients have been recruited to the Study, LVL will meet again with REC to seek formal approval to start the Trial for up to 5,000 patients. REC have agreed that the data collected in the Study can be included in the results of the Trial.

As demand increases for medicinal cannabis in the UK CPL is positioning itself to become a large scale grower and manufacturer of cannabinoid medicines API in accordance with GACP guidelines, and expects that its Midlands facility will in future produce enough product to supply for products for up to circa 50,000 patients per annum (based on a patient using an average 180 grams of cannabis per year).

1.2.4 *Revenue generating*

The Celadon Group has generated minimal revenue through its prospective LVL Private Pain clinic. In addition to receiving its Home Office Licence, and subject to receiving its future MHRA registration and a new Home Office licence permitting commercial supply, the Celadon Group will commence the cultivation of its own medicinal cannabis which will then be supplied in the form of an API to appropriately authorised manufacturers of finished medicinal products. At maximum capacity, the Directors and Proposed Directors believe that Celadon expects to be able to supply approximately nine tonnes of medicinal cannabis each year, which could service the needs of 50,000 patients, and in turn, has the potential to generate £90 million in annual revenues for Vertigrow, assuming a price of £10 per gram.

1.2.5 *Experienced management*

James Short is the CEO of Vertigrow. James has a successful track record in the construction industry and in the highly regulated energy sector. Vertigrow has also built a sector leading management team of experienced executives, scientists, agronomists and physicians.

2. CELADON'S HISTORY AND BACKGROUND

The Celadon Group was established in 2018. A group structure chart is provided in the Admission Document.

Cannabis based-medicinal products promise to revolutionise the treatment of numerous conditions. Despite this potential the industry remains embryonic, its development having been hampered by a complex regulatory landscape and high market barriers. The Directors and Proposed Directors believe that without a developed industry focused on the pharmaceutical agenda, the cost of these treatments will continue to be prohibitive and the quality of product will not be adequate, sufficiently consistent nor available. Vertigrow is committed to changing this. Its objective is to realise the potential of cannabis-based treatments by building a technology, research and science led pharmaceutical group focused on producing high quality cannabinoids with the ultimate aim of delivering medicines that could eventually be made available, not only on the private market but also on the NHS and consequently available to everyone in the UK.

The Celadon Group was established in September 2018 and soon thereafter started its dialogue with the two key government regulatory agencies with competence relating to cannabis-based medicinal products, the Home Office and the MHRA, to navigate the various steps required to obtain authorisation to grow high-THC cannabis in the UK and supply this as an API. In order to do this, CPL requires:

(i) an MHRA API registration to manufacture and distribute API for use in the manufacture of cannabis-based prescription medicines ("CBPMs"); and

(ii) a Home Office Controlled Drug Licence to possess, produce and supply high THC content cannabis to be used in medicinal cannabis products in the UK.

A pre-requisite of MHRA registration as an API manufacturer is the requirement for Celadon to have constructed and be operating a UK-GMP compliant facility. The Home Office also requires in practice that the MHRA assess the potential of a company to operate in accordance with GACP guidelines prior to issuing a controlled drugs licence for activities involving cannabis that will be used in a medicinal product.

Throughout 2019, the Celadon Group undertook research on how to construct a UK-GMP compliant facility for CBPMs in accordance with GACP guidelines, visited international operations of other companies to aid in the understanding of that process and started recruiting experienced operators and scientists to its team.

In October 2019, Celadon secured through Vertigrow a 25-year lease on an existing 100,000 square foot facility in the Midlands that was deemed to be suitable for a secure indoor grow facility with an uninterruptible power supply and which did not require modifications to the core of the building. The Celadon Group proceeded with the fit out of phase 1 of the facility comprising a laboratory designed to meet UK-GMP requirements and a secure grow facility working with consultants and auditors (some of whom were former MHRA employees) to ensure compliance with the various regulations applicable to growing cannabis, including enhanced security measures. The facility is zoned industrial.

During 2019, the Celadon Group held discussions with senior representatives of the Home Office and MHRA which enabled it to develop a plan to seek to obtain the requisite licences/registrations to meet all Home Office and MHRA requirements.

In June and October 2020, the MHRA conducted an inspection of Celadon's Quality Management System ("QMS"). A number of items for follow up were raised by the MHRA inspectors, and all of the items that were able to be addressed prior to the receipt of a Home Office licence and commencement of growing cannabis have been addressed.

Through 2021, the Celadon Group continued to extend and broaden its operational team and key personnel.

On 11 January 2021, CPL received an email from the MHRA which stated that the MHRA were happy to confirm to the Home Office that they had no objection to CPL's application progressing for a controlled drugs licence to grow high THC cannabis plants. CPL subsequently made the relevant application to the Home Office and received a site visit from the Home Office on 15 July 2021. This was required as part of the application process for the issuance of a Controlled Drugs Licence to cultivate high THC content cannabis.

Following that visit, CPL was granted a Home Office Licence to start growing cannabis on 23 July 2021, for the purpose of producing test batches of cannabis oil to support CPL's application for MHRA registration as a manufacturer of medicinal product APIs. Receipt of the Home Office Licence enabled CPL to legally commence cultivation of test batches of cannabis crops. Subject to a further MHRA on-site inspection, (where the MHRA review whether CPL has operated in accordance with its agreed standard operating procedures and UK-GMP and reviews the quality of the test batches of cannabis oil) the grant by the MHRA of a UK-GMP certificate and API manufacturer registration, and issue of a new Home Office licence permitting commercial supply, Celadon will then be licenced to sell that cultivated cannabis to appropriately authorised manufacturers in the UK market as an API for manufacture into finished medicinal products.

Although there are no fixed timelines for the final on-site inspection and receipt of such approval from MHRA, the Directors' and Proposed Directors working assumption is that it may take place in Q2 2022, assuming that the test batches of cannabis oil are in line with MHRA guidelines. The approved UK-GMP certificate and API registration number will be publicly available for inspection on the MHRA's website. Once the MHRA registration has been received, CPL would then need to apply for a new Home Office licence permitting commercial supply after which it would be authorised to sell its products as APIs to appropriately authorised manufacturers in the UK market.

Alongside the build out of phase 1 of the Celadon Group's Midlands facility and progressing the various licence/registration applications, Celadon has been working with the medical community on possible structures and design of clinical trials for the use of cannabinoids in pain management. This resulted in the Celadon Group completing its acquisition of a majority stake in LVL, a new prospective private pain clinic business that is also the prospective sponsor of what the Directors and Proposed Directors believe will be, once approved, the only MHRA and REC authorised trial for the use of a medicinal cannabis product in the treatment of chronic pain in the UK at the time the Trial commences. The private pain research clinic business started operating in August 2021. LVL has received conditional approval for the Trial from MHRA, conditional on, among other things, approval by the REC. Ahead of the Trial being approved by the REC, it has suggested that, at a point after patients have been onboarded at participating private pain clinics for treatment with medicinal cannabis, LVL conduct a pilot feasibility study utilising the same patient-pathway as will be used in the Trial but which instead has the objective of studying aspects of this pathway rather

than evaluating the safety or efficacy of the medicinal cannabis itself (the Study). The Study is expected to start in March 2022, following successful completion of which the Trial is expected to launch in the second half of 2022 once LVL has received final REC approval of it.

The Trial is designed as a paid for trial and the design is made possible on the basis that the participants will be paying for their treatment, which includes the prescribing of the Trial drug. The aim of the Trial differs from the usual aim of the typical three phases of clinical trials as LVL and the third party product supplier do not intend to seek regulatory authorisation for a specific medicinal product using the data arising from the Trial.

Vertigrow believes that the Trial and resulting data on a third-party medicinal cannabis product will help facilitate the greater use of medicinal cannabis generally in the UK. The objectives of the Trial are to document and demonstrate the efficacy of the medicinal cannabis product used in the Study and the Trial for the treatment of chronic non-cancer pain. In so doing, the Directors and Proposed Directors believe that the Trial has the potential to provide data that may enable NICE to recommend the type of cannabis-based medicinal product studied in the Trial for prescription for the conditions studied in the Trial on the NHS.

In November 2021, REC approved the Study for a minimum of 100 patients, as REC wanted to observe the initial patient take-up before they would approve the commencement of the Trial. The first patients have now been onboarded for treatment under the protocols for the Study and Trial, and LVL have advised that the initial patient feedback has been extremely positive (with patients reporting material reduction in pain, ability to sleep and improvements in their quality of life). These patients have also agreed to enrolment of the Study. Once at least 100 patients have been recruited to the Study, LVL will meet again with REC to seek formal approval to start the Trial for up to 5,000 patients. REC have agreed that the data collected in the Study can be included in the results of the Trial.

The Celadon Group has raised a total of £5.8 million of capital to date, which has been used to fund Celadon's operations. This includes, £1.7 million by way of equity, and £4.1 million by way of convertible debt as Celadon CLNs which will convert into 5,168,647 Ordinary Shares on Admission, and excludes any monies advanced by the Company to Vertigrow.

3. REGULATORY OVERVIEW

3.1 *Evolution of Cannabis and Cannabis Legalisation*

Cannabis is a flowering herb native to central Asia. Humans have been using it for its medicinal properties for thousands of years. Cannabis supplements the body's natural endocannabinoid system and has been used to treat medical conditions including pain, sleep, anxiety, inflammation, epilepsy and other conditions.

However, despite the historic evidence of medical efficacy, for much of the 20th century Cannabis has been designated a narcotic, with the United Nations Single Convention on Narcotic Drugs classifying it as a narcotic drug. As a result of its illegality, limited historical research was conducted and limited data sets were deemed valid by regulators to demonstrate its efficacy.

Since the 1970s, the regulatory framework started to be relaxed as the evidence of medical efficacy has increased. Then, in the early 1990s, scientists discovered the endocannabinoid system in the human body that controls a number of biological functions.

The discovery of the endocannabinoid system and CB1 and CB2 cannabinoid receptors led to an increased understanding of the complex ways in which THC and CBD affect the body both singly or together. Clinical research appears to show that whole plants or extracts are more efficacious than single molecules. It is theorised that this is because the different molecules interact in a complex manner. This theory is known as the entourage effect. In addition to THC and CBD, other cannabinoids (CBC, CBDA, CBG, CBN, THC-V, THCA), flavonoids, terpenes and other compounds are hypothesised to support the entourage effect by improving absorption and allowing maximum effect of the cannabinoids, but they have not consistently been measured in much of the research.

This discovery gave fresh impetus to the movement to make cannabis available for medical purposes. From the mid-1990s, several US states legalised the use of cannabis for certain medical conditions including chronic pain and terminal cancer.

The Netherlands was one of the first countries to implement a system of limited distribution, and in 2003 the Dutch government legalised medicinal cannabis. This process continued to gather momentum as evidence of the efficacy of cannabis treatments, including for children suffering from severe epilepsy and as an alternative to opioids in chronic pain, became more widely publicised. Some other recent examples of countries legalising medicinal cannabis include Australia in 2016 and Germany in 2017.

3.2 *UK Regulation of Cannabis*

In the UK the primary legislation regulating the use of cannabis is the Misuse of Drugs Act 1971 (“MDA 1971”) which specifies that drugs in three categories (according to their relative harm), namely in Classes A, B and C as set out in Schedule 2 to the MDA 171, are controlled. Cannabis and many of its derivatives fall under Class B. The MDA 1971 sets out different criminal offences, such as importation, production and supply, possession and cultivation of cannabis.

The MDA 1971 implements into UK law the UK’s obligation and commitment to control the use of narcotic and psychotropic drugs under United Nations conventions to which the UK is a signatory. Under the conventions, where local laws permit the cultivation of cannabis all signatories must ensure that such cultivation is under the control of a Government Agency. The three international United Nations Conventions are the Single Convention on Narcotic Drugs, the Convention on Psychotropic Substances 1971 and the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988 ("Narcotics Conventions").

In compliance with the requirements of the Narcotics Conventions, and pursuant to section 7(1) MDA 1971, the 2001 Regulations, which apply to England, Scotland and Wales, regulate the availability of the controlled drugs that have a recognised and legitimate use by allocating them to one of five schedules to the 2001 Regulations. The schedule into which a drug is placed essentially dictates the extent to which it is lawful to import, export, produce, supply, administer and possess the drug (and in the case of the cannabis plant, to cultivate it) and sets out a licensing regime for these activities. The carrying on of any of these activities without an appropriate licence (or without the benefit of an appropriate exemption set out in the 2001 Regulations) is a criminal offence. The 2001 Regulations also impose requirements around prescription writing, record keeping, safe custody and destruction. Drugs listed in Schedule 1 of the 2001 Regulations can only be possessed or supplied under a Home Office licence and cannot generally be prescribed by a medical practitioner. Cannabis and all its derivatives were until 2018 placed in Schedule 1 to the 2001 Regulations.

In 2018, then UK Home Secretary Sajid Javid ordered a review regarding cannabis-based medicinal products and sought recommendations for changes from the Advisory Council on the Misuse of Drugs (“ACMD”) and the UK’s Chief Medical Adviser.

On 1 November 2018, the Misuse of Drugs (Amendments) (Cannabis and Licence Fees) England, Wales and Scotland) Regulations 2018 came into effect under which cannabis-based products for medicinal use in humans ("CBPM") were re-scheduled to Schedule 2 of the 2001 Regulations. This allowed physicians to prescribe medicinal cannabis to patients without the approval of an expert panel. Only doctors in a field relevant to the patient’s condition who are listed on the General Medical Council’s specialist register are permitted to prescribe medicinal cannabis to patients. Medicinal cannabis products that do not have a marketing authorisation can be prescribed on a case-by-case basis for patients who have an unmet special clinical need after all other treatment options have been exhausted.

Under the new regime, all cannabis-based medicinal products (excluding Sativex and Epidyolex, which are already licensed prescription ("Rx") products) are unlicensed medicines until they have a marketing authorisation. Prescriptions for medicinal cannabis, as with other unlicensed medicines, can only be issued on a “named patient” basis. The Department of Health and Social Care’s expectation is “that cannabis-based products for medicinal use should only be prescribed for indications where there is clear published evidence of benefit or UK guidelines and in patients where there is a clinical need which cannot be met by a licenced medicine and where established treatment options have been exhausted.”

NICE has to date only recommended Sativex and Epidyolex for use through the NHS for specific rare conditions only, with no further cannabis medicines recommended pending further clinical data. This means physicians who authorise other cannabis medicines may be professionally liable for adverse events experienced by patients. For this reason, the number of prescriptions issued to date remains very low.

Medicinal cannabis legalisation was also supported by the Royal Pharmaceutical Society, which stated that it believed it would provide safe relief for patients with serious health conditions and that it would work side-by-side with the NHS to support specialists in their prescription decisions.

Companies that wish to possess, supply, produce, manufacture, or import and export cannabis-based products for medicinal use in humans must obtain an annual Home Office Controlled Drug licence in order to lawfully undertake these activities and a MHRA API registration and appropriate manufacturing authorisation to manufacture cannabis-based medicines, which will be for prescription only.

NICE was tasked with developing detailed guidelines for clinicians to provide guidance regarding the prescribing of cannabis. These guidelines were published in November and December 2019 and updated in March 2021 (NG 144 Cannabis-based medicinal products) and suggest that cannabis-based medicinal products may be effective for people with intractable nausea and vomiting, chronic pain, spasticity, and

severe treatment-resistant epilepsy. However, NICE did not believe that the available evidence was sufficient to recommend cannabis as a treatment in chronic pain.

Vertigrow believes that the current guidance from NICE demonstrates the need for MHRA approved research to be undertaken and scientifically credible data sets to be made available. Until that point, the Directors and Proposed Directors believe that NICE will be unable to recommend any cannabis for treatment of pain and other conditions. As medicinal cannabis is a new field for NICE, they are focused on ensuring that appropriate data is provided before they make further recommendations. As no appropriate trial has taken place, they do not currently have clear evidence of safety and efficacy against which to balance the costs of treatment. The industry needs to address this research deficit if medicinal cannabis is going to be recommended by NICE.

NICE guidelines exist to guide clinicians and healthcare organisations when making decisions regarding the nature of treatments provided to patients. The recommendations made in guidelines are not mandatory and clinicians retain autonomy to make decisions based both on the evidence available to them, their clinical experience and the preferences of patients. The former chairman of NICE, Professor Sir David Haslam, has stated that NICE produces "*guidelines not tramlines*". Mark Baker, the former director of the centre for guidelines of NICE further stated that "*our recommendations never instruct a GP or healthcare professional to do anything. We are here to support their decisions, not dictate them*". As such, the Directors' and Proposed Directors do not anticipate that NICE's current position will prevent prescribing cannabis for the treatment of chronic pain in the private patient market where appropriately registered treating physicians consider it appropriate.

In March 2020, the UK Government stated that they are working with various parties to encourage more research into uninterrupted access to cannabis-based medicinal products where clinically appropriate. It stated that it sought also to encourage the building of evidence, using trials in the UK to accelerate understanding of how medicinal cannabis can benefit patients and to support further commissioning decisions. The UK Government said this was necessary for wider prescribing by NHS clinicians in future.

3.3 *UK Current Status*

With the exception of GW Pharmaceuticals and CPL (subject to CPL receiving MHRA registration to sell API and a Home Office licence, renewed annually, to supply cannabis API for manufacture into finished medicinal products), the Directors and Proposed Directors believe that there are no businesses licensed to both grow and sell full spectrum cannabis medicinal products or API in the UK. A number of R&D grow licences have been awarded to certain companies operating within the market, however, the Directors and Proposed Directors believe that they are unable to sell their products and must use their grown product for their own research.

The current situation is that finished medicinal cannabis products (other than GW Pharmaceuticals' licensed products and the licensed synthetic cannabis products) for patient use are imported from other countries on an individual patient basis, which requires a long authorisation process that can cause some patients to turn to the illicit market for their cannabis. These illicit products may not meet the same quality standards required of companies that produce medicinal cannabis, may not be of a standardised composition and may contain dangerous contaminants. The licence authorisation process for a patient to import medicinal cannabis products from overseas can take over four weeks, and this needs to be repeated for each patient whenever they need a prescription. It is challenging for patients to wait that long given that cannabis is a treatment that generally requires a consistent daily dose.

Alongside the regulatory challenges, one of the primary bottlenecks to wider medicinal usage is clinicians' own caution or lack of confidence to prescribe medicinal cannabis. Doctors approached by patients interested in cannabis treatment options have been reported to have deterred patients, citing a lack of clinical evidence for the treatments. In other instances, the doctor's own lack of experience in understanding dosage is an obstacle. The Directors and Proposed Directors believe that it is clear that a substantial volume of work needs to be done to improve clinical trial data and also to provide continuing education and resources to doctors to further their own understanding and thereby increase their confidence to prescribe cannabis-based products for medicinal use.

3.4 *Medicinal Products Regulatory Framework applicable to APIs*

The legislative framework applicable to medicinal products in Great Britain is largely set out in the Human Medicines Regulations 2012 (as amended). The entire production and supply chain of medicinal products is subject to stringent regulation including the manufacture and supply of APIs to be used in the manufacture of finished medicinal products for administration.

In order to lawfully manufacture and/or distribute APIs in the UK, the relevant entity must hold a registration with the MHRA covering the relevant activities which amongst other matters requires that an API

manufacturer must comply with UK-GMP as it applies to the manufacture of APIs. Prior to registering an applicant, MHRA may inspect the applicant's premises and systems/procedures to assess the applicant's compliance with UK-GMP. Where the MHRA is satisfied that the applicant is able to comply with UK-GMP for APIs the MHRA will then issue the applicant with a UK-GMP certificate. The MHRA also periodically undertakes site and system inspections of registered API manufacturers to assess ongoing compliance with UK-GMP.

An API manufacturer registration does not permit the registrant to manufacture finished medicinal products for use in humans. The API must instead be supplied to a holder of a relevant medicinal products manufacturing authorisation for it to manufacture finished medicinal products. Alternatively, the API manufacturer would need to additionally hold a manufacturing authorisation in order to produce the finished medicinal products itself.

Failure to hold appropriate registration/authorisation for either API manufacturing or finished product manufacturing activity is a criminal offence.

3.5 *Medicinal Cannabis*

Cannabis contains a number of active compounds, or cannabinoids, that act on endocannabinoid receptors in cells located in the brain, nervous system and elsewhere in the human body. The endocannabinoid system of the human body is involved in many pathways including the regulation of neurotransmitters. These, in turn, regulate other body processes that can impact on things like pain and mood. Some cannabinoids also affect other processes in the body such as inflammation, for example, by acting on COX and PPAR related pathways.

Cannabinoid compounds can play a role in the treatment of a number of medical conditions. The therapeutic potential of the cannabinoids has been studied in diseases and conditions such as MS, epilepsy, pain, anxiety, nausea, and cachexia. For example, it is well established that cannabinoid compounds can improve neurological deficits associated with neuronal damage attenuated with the MS disease process.

The two most prevalent cannabinoids are THC, which is responsible for the euphoric feeling generally resulting from cannabis consumption; and CBD, which has neurological and systemic effects without the intoxicating effect of THC. Both have medicinal benefits, and various formulations of THC and CBD have been investigated in a variety of applications. In addition to these main cannabinoids, there are many others that are being researched for their potential effectiveness in a range of medical conditions, including in combination with THC and CBD as antagonists and enhancers of efficacy.

Whilst derived from the same plant, CBD as a market is largely focused on the provision of consumer products such as wellness products, cosmetics and drink supplements. Whereas higher THC cannabinoids are heavily regulated and used for medicinal purposes for the treatment of specific conditions.

Over recent years, the production, sale and use of medicinal cannabis has become less tightly regulated in many countries, as its proposed benefits for a broad range of medical conditions has become better understood. This trend is expected to accelerate as awareness and understanding of the benefits of medicinal cannabis increases amongst both physicians and patients.

Current research suggests that there are a number of conditions and illnesses that can potentially be treated with medicinal cannabis such as chronic pain, MS, epilepsy, autism, PTSD, Parkinson's disease, chemotherapy-related nausea and several others.

Licensed cannabis-based medical products are authorised for the treatment of MS spasticity, cancer chemotherapy-related nausea/vomiting, Lennox-Gastaut syndrome, Dravet Syndrome and Tuberous Sclerosis Complex.

Unlicensed CBPMs may also be prescribed where there is an unmet medical need. Cannabinoids have also undergone clinical trials for the treatment of a variety of conditions including neuropathic and inflammatory pain, PTSD, Parkinson's Disease, Alzheimer's Disease, Inflammatory Bowel Disease, Generalised Anxiety Disorder ("GAD"), several cancers, Major Depressive Disorder ("MDD") and addiction.

As more research is conducted and published it is anticipated that general awareness and acceptance of medicinal cannabis will grow together with physician confidence.

The following articles review the results of over two dozen clinical trials that have examined the efficacy of cannabis preparations for the treatment of cancer-related, neuropathic, musculoskeletal, visceral and widespread pain. Some studies have found strong clinical evidence for the efficacy of cannabis and cannabinoids in treating pain, while others have not. The results to date suggest that the therapeutic profile of cannabis may depend upon the nature of the cannabis medicine, particularly the degree of processing, and that cannabis flower and total extracts thereof may show greater efficacy in pain management than semi/purified cannabis products.

(i) EFIC position paper on appropriate use of cannabis-based medicines and medical cannabis for chronic pain management. Eur. J. Pain. 2021,22,1547.

(ii) Clinical uses of cannabis and cannabinoids in the United States. J. Neurol. Sci. 2020, 411, 116717.

(iii) Medical use of cannabis and cannabinoids. European Monitoring Centre for Drugs and Drug Addiction. 2018.

(iv) Cannabis in Pain Treatment: Clinical and Research Considerations. J. Pain. 2016, 17, 654.

3.6 *Access to Medicinal Cannabis*

In addition to provision in the context of an authorised clinical trial, there are two legal routes for supply of medicinal cannabis products:

- As a licensed Rx pharmaceutical, pursuant to a marketing authorisation by the MHRA, available through a physician prescription; or
- Through the Specials framework when requested by a doctor on the GMC's specialist register for the purposes of treating a named patient with special clinical needs.

The use of cannabis-based products as Rx pharmaceuticals is currently very limited, and accounts for a very small part of the broader medicinal cannabis market, estimated to be used by less than around 6,000 patients out of 1.4 million illegal users of cannabis for medical conditions in the UK.

In the UK, there are only two currently marketed licensed Rx pharmaceutical products derived from cannabinoids from cannabis plants:

- Nabiximols, marketed as Sativex (GW Pharmaceuticals), a CBD oromucosal spray of a formulated extract of the cannabis sativa plant that contains two cannabinoids (THC and CBD) in a near 1:1 ratio, as well as specific minor cannabinoids and other non-cannabinoid components, and which has been launched in over 25 countries. It is indicated for MS spasticity.
- Cannabidiol, marketed as Epidiolex (GW Pharmaceuticals), a CBD oral solution for the treatment of seizures associated with rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, approved by the US FDA in June 2018. It was launched (as Epidyolex) in the EU in Q4 2019, having received authorisation from the EMA in September 2019, and recommended for use by the NHS in November 2019.

Additionally, Nabilone, a licensed Rx pharmaceutical product using synthetic cannabinoids is available in the UK for use by patients with CINV who did not respond to traditional medications. Whilst Nabilone is a licensed Rx cannabinoid therapy, it is not derived from the cannabis plant itself.

There are three main groups of chemical compounds that fall within the broad category of ‘synthetic cannabinoids’:

Group 1	Synthetic compounds which are identical in structure to naturally occurring cannabinoids such as Δ^9-tetrahydrocannabinol (THC) e.g., Dronabinol.
Group 2	Synthetic compounds structurally related to naturally occurring cannabinoids that have been developed to mimic naturally occurring cannabinoids such as THC e.g., Nabilone.
Group 3	Synthetic compounds not structurally related to naturally occurring cannabinoids, but which bind to cannabinoid receptors in the body e.g., Spice and K-2.

Compounds from group 1, being structurally identical to naturally occurring THC, are generally not distinguished from plant derived cannabis-based products by health authorities or regulators. In contrast, compounds from groups 3, which are not structurally related to naturally occurring cannabinoids but which bind to cannabinoid receptors in the body (CB-1 and CB-2) are not available as licensed medicinal products due to clear evidence of significant harm having resulted from their use.

The ACMD has particular concerns with compounds falling within groups 2 (with the exception of Nabilone) and 3, and is of the view that further research into this complex group of diverse substances is important, given the increased potency and risk of harm associated with their use.

In addition to these safety concerns, there is increasing evidence that plant-based medicinal cannabis products may offer therapeutic advantageous over their synthetic counterparts due to a phenomenon known as the 'entourage effect'. The ‘entourage effect’ is attributed to synergistic interactions between the numerous phytochemicals present in plant derived cannabis and has been shown to result in enhanced biological activity when compared to the use of single molecules in a medical treatment. This effect cannot be achieved by currently available synthetic cannabinoids which only contain individual cannabinoids in isolation.

3.7 *Regulation of Clinical Trials in the UK*

A member of the Celadon Group, LVL, is the sponsor of a planned clinical trial into a medicinal product to be administered in humans which involves a cannabis-based medicinal product. Clinical trials are also tightly regulated and are subject to both regulatory authorisation and ethical approval.

The legal requirements applicable to clinical trials of medicinal products in humans are largely set out in the Medicines for Human Use (Clinical Trials) Regulations 2004. Before a clinical trial can be commenced the planned trial must be authorised by the MHRA (regulatory authorisation) and also a favourable opinion from an appropriate research ethics committee must be obtained (ethical approval). The clinical trials legislation sets out stringent requirements for the initiation, conduct and reporting of a clinical trial including that it must be conducted in accordance with Good Clinical Practice ("GCP") and that adverse events experienced by trial subjects must be recorded and reported as well as the trial outcomes. Many of the legal obligations fall on the "sponsor" of the clinical trial.

Non-compliance with the legislation regulating clinical trials is enforced by way of the criminal law.

4. UK MARKET OVERVIEW

4.1 *Large illicit market*

Despite limited legalisation for medical purposes, the black market remains the largest market for cannabis in the UK. YouGov estimates that up to 1.4 million people in the UK are using cannabis to treat pain by acquiring cannabis products on the black market. The Directors and Proposed Directors estimate that patients are spending an average of c.£300-£600 per month to source cannabis product through the illicit market.

4.2 *The "Specials" market*

The current legal regime for patients accessing unlicensed medicinal cannabis requires patients to obtain a prescription from a doctor included on the specialist register of the General Medical Council. These are commonly doctors in private practice who will only prescribe medicinal cannabis when a patient has exhausted all other treatments. Once a patient receives their prescription for a medicinal cannabis product that product must currently be imported (as there are currently no UK based approved suppliers in the Specials market), it is processed by the Home Office and MHRA and a patient's prescription is authorised which enables the authorised wholesaler to import that product into the country. This then permits an initial one month's supply to be imported. In practice, this can take over four weeks to arrive. After the first month's supply has been exhausted, a patient needs to have a follow up appointment with their doctor and obtain a further prescription for the next month. Again, this needs to be approved by the Home Office and MHRA before the importation process can start and another wait of over four weeks for medicine. This process then needs to happen every month. The cost of cannabis obtained in this way will range from £250-£1,000 per month, with some paying over £2,000 per month.

In March 2020, the UK Government announced changes to the import restrictions that now allow licensed wholesalers to hold three months of prescriptions of medicinal cannabis on behalf of eligible patients. This is still, however, on a named patient basis.

There are a number of problems with the current system including the high cost that is prohibitive for many patients. Further, because cannabis is not an authorised medicine, the doctors prescribing cannabis products may not be insured when they prescribe it. It is also important to note that cannabis is an ongoing treatment and not a short-term cure and as such a patient needs a consistent supply for the benefits to work effectively. The gaps in a patient's treatment caused by the importation process means patients can have long periods when they cannot obtain their medicine, which again may lead to illicit market sourcing in some instances.

A UK grower will help solve many of these problems as, in particular, patients will no longer need to go through the importation process and doctors and clinics will have confidence that patients will be able to receive medicinal cannabis on a timely basis once prescribed without any importation delays. Celadon believes that once it has received the necessary authorisations and licences, it will serve as a significant and important supplier which could help facilitate the wider legal use of medicinal cannabis in the UK.

4.3 *Limited availability of data*

The Directors and Proposed Directors believe there is very little clinical data that regulators are able to use in assessing the safety and efficacy of medicinal cannabis. The Directors and Proposed Directors are aware of one other active medicinal cannabis study in the UK, Project Twenty21, which, so far as the Directors and Proposed Directors are aware, is not an MHRA approved trial.

Project Twenty21 allows eligible patients to access medicinal cannabis treatment at a capped price, and have their treatment tracked by Drug Science. Their website states that they currently have 2,080 patients as of 31 December 2021.

4.4 *Chronic pain opportunity in the UK*

Imperial College research suggests that chronic pain (defined as pain that persists for three months or more) affects c.28 million people in the in the UK. Of those, up to 8 million people suffer severe chronic pain. Conventional treatments include opioids (which are the most common treatments used), paracetamol, anti-neuropathic agents and non-steroidal anti-inflammatory drugs, all of which may be associated with significant risks.

According to the British Medical Association, the prescribing of opioids has increased markedly over recent years, although the evidence for their efficacy in the treatment of chronic pain conditions remains weak, and the increasing knowledge of their short and long-term side effects raises questions over their use. Opioids tend to have unpleasant side effects which can include significant levels of nausea, constipation, serious effects on breathing, and tolerance (and therefore dose increase). There has also been an increase in the use of antidepressants and antiepileptics that are most commonly used or recommended for the treatment of pain.

There is a large body of evidence that has concluded that opioids may reduce pain for some patients in the short and medium term (less than 12 weeks). There is however, a lack of consistent good-quality evidence to support a strong clinical recommendation for the long-term use of opioids for patients with chronic pain.

Recent NICE guidance on the treatment of chronic pain recommends against the use of opioids and anti-inflammatory drugs in most cases and against anti-neuropathic agents other than in neuropathic pain. Given that many specialist pain control approaches are also being discouraged, it leaves chronic pain patients with few options beyond psychological and behavioural pain management.

Medicinal cannabis and chronic pain

The UK market for chronic pain that cannabis medicines might help address is substantial and may help people reduce opioid dose and use which could have a significant improvement in the management of chronic pain and its safety.

A number of studies have been carried out into the use of medicinal cannabis and the following represents a selection of what has been reported on the topic. A high dose of cannabis derived THC (50 mg per day) markedly reduced opioid consumption when used during the day of a flare of Mediterranean Familial Fever, which supports the opioid sparing effect of medicinal cannabis. Cannabinoid and opioid receptors are expressed in several brain regions involved in the regulation of pain and have been shown to co-localise (be expressed next to each other on the cell membrane). Numerous animal studies have now shown that there is a synergistic effect from opioid and cannabinoid co-administration. The effect of medicinal cannabis on the use of opioids in the chronic pain population has been reviewed. A more recent study from Michigan published in 2019 showed that approximately 80 per cent. of 1,321 chronic pain patients reported substituting cannabis for traditional pain or muscle spasm medications (53 percent. for opioids, 22 per cent. for benzodiazepines), citing fewer side effects and better symptom management as their rationale for doing so. Data from Canada published in 2019 also suggests that patients report they are using less opioids and other analgesic drugs, alcohol, tobacco, and illicit substances (10.1186/s12954-019-0278-6). There is evidence that cannabis increases the efficacy of opioid therapy and can reduce the opioid dose burden.

The safety profile of cannabis has been well studied and the majority of adverse events are attributable to one of its constituents, THC. THC induces acute adverse effects including anxiety and chronic effects such as increased risk of psychosis and addiction/dependence. The acute effects are largely avoidable if either the dose is kept low (<30 mg per day) or the cannabis extract has enough CBD to counteract THC-induced anxiety. The risk of long-term psychosis and depression is substantially reduced if the cannabis is not used during adolescence.

The addiction potential of cannabis has also been studied and in susceptible individuals, chronic dosing of very high THC strains of cannabis can lead to addictive behaviour. To minimise risk, it is essential to:

(1) ensure that the starting doses are kept low, particularly for high-THC products;

(2) offer balanced THC / CBD cannabis products; and

(3) monitor the quantity of medicinal cannabis consumed to ensure excessive consumption is limited.

These strategies are designed to limit the onset of addictive behaviour and psychosis in susceptible individuals.

Even though it very important to address the addiction potential of medicinal cannabis, it is important to emphasise that the risks associated with cannabis are considerably lower than other analgesics utilised in chronic pain conditions, namely opioids and other anti-neuropathic agents. Medicinal cannabis is now considered as a potential adjunct to opioid based analgesia, boosting opioid efficacy and there is evidence that the addition of medicinal cannabis lowers the dose and time required to reach analgesia for opioids, reducing dose burden and moving patients away from opioid use disorder ("OUD").

Within the field of medicinal cannabis, despite the high levels of THC in some modern strains, no increases have been observed for SAEs (serious adverse events) in patients taking medicinal cannabis with standard of care, versus standard of care alone. Additionally, with the heterogeneity of medicinal cannabis products available standardisation of medicinal cannabis is required to improve the risk-benefit profile for patients.

There is a long history of use of medicinal cannabis and evidence supports the concept that cannabis is generally well tolerated (especially when compared with current agents routinely used to treat chronic pain). Recently, THC levels have increased substantially for illicit cannabis which has raised concerns for the UK population in relation to addiction and the development of psychosis. Consuming a balanced THC and CBD medicinal cannabis product is known to substantially lower this risk, whilst having a full-spectrum cannabis product rich in minor cannabinoids and terpenes is thought to maximise the benefits to the patient.

There is now acceptance that cannabis has demonstrable medical utility, at varying levels of evidence quality, in conditions including chronic pain, MS, anxiety, depression, sleep disorders, irritable bowel disease and epilepsy.

4.5 *Competition*

The UK market for medicinal cannabis is limited due to its nascent stage. The Directors and Proposed Directors believe that the only company in mainland UK that is currently licenced to grow and sell in the medicinal cannabis segment is GW Pharmaceuticals.

GW Pharmaceuticals currently has two licensed medicines:

- Epidyolex (CBD) which is approved in the UK, EU and USA for rare and severe forms of epilepsy (Dravet and Lennox-Gastaut syndromes) and has been approved for use in the EU for the treatment of Tuberous Sclerosis Complex; and
- Nabiximols (Sativex, a mixture of THC and CBD) and is approved in the UK, EU and Canada for the treatment of MS spasticity, and is undergoing trials for the treatment of PTSD and SCI spasticity.

Sativex is a balanced THC/CBD oral spray and Epidyolex is a CBD oral product. The Directors and Proposed Directors believe that as a result of the methods used during the manufacturing process, these products may not retain the full spectrum of beneficial phytochemicals present in other plant derived cannabis products.

GW Pharmaceuticals was admitted to trading on AIM in 2001, before moving its listing to the NASDAQ market in the US in 2016. GW Pharmaceuticals' cannabis plants used to research and develop their different products are grown and harvested in the UK. On 5 May 2021, Jazz Pharmaceuticals, a US domiciled pharmaceutical company, completed the acquisition of GW Pharmaceuticals for US$7.2 billion.

The majority of market participants in the UK are in the CBD sector, which is very different to the medicinal cannabis sector. The CBD market is characterised by wellness/cosmetic claims and benefits that have not been fully researched or medically proven. Consequently, CBD-only products are not regulated as medicines and are generally currently regulated as foodstuffs. Products are also commonly poor quality and often mislabelled, and unlike THC, CBD has a relatively low affinity for the endocannabinoid system, interacting weakly with CB1 and CB2 cannabinoid receptors.

An often-cited concern is that currently available products are being sold in an unregulated way often with false or exaggerated claims around their efficacy. Not surprisingly there are numerous companies producing a product which when tested did not match its labelling. CBD's classification as a novel food has led to more stringent regulation of the CBD market, which is anticipated to result in some shake up of the sector due to the higher regulatory requirements.

4.6 *Value Chain for Medicinal Cannabis*

The value chain for medicinal cannabis is illustrated in the Admission Document. Vertically integrated companies typically undertake the full range of services to distribute finished medicinal products directly to patients or through wholesale and pharmacy channels.

R&D / Clinical research

This involves scientific, pre-clinical development in areas such as genetics and cannabis strains, followed by clinical trials undertaken with external partners into the efficacy of new medicinal cannabis products for specified conditions. Medicines typically go through a three-phase trial process:

(1) Phase I (small trials often on healthy volunteers to test safety and side effects at different doses);

(2) Phase II (trials on patients with the disease being treated to assess drug administration, efficacy and side-effects); and

(3) Phase III (larger, double-blind and placebo or standard-of-care controlled trials on a target patient population to further test efficacy and safety).

Growing

This involves large-scale cultivation of cannabis plants, typically in bio-secure indoor facilities (grow rooms), with precise control of cultivation conditions (such as nutrients, lighting, humidity, temperature and air flow). Indoor facilities are considered superior to greenhouse environments as they provide the security and control of production variables which are required for the medicinal market.

Processing / Production

This involves curing, testing, chopping and packaging of dry cannabis products. Medicinal cannabis growing and processing is typically undertaken in accordance with GACP guidelines - a set of guidelines covering areas of cultivation, collection, harvest, processing, personnel, equipment, documentation and others for the sake of satisfying the minimum required quality assurance in plant cultivation. Production also includes cannabinoid extraction, and refining and polishing operations for the manufacture of various types of formulated products. Together with UK-GMP for API and UK-GMP for finished medicinal products, GACP issue guidelines for the process from seed to sale of all plants for use in APIs subsequently used in medicines, including cannabis.

Manufacturing

This involves manufacturing of medicinal cannabis products using processed cannabis extracts and the testing and bottling of formulated products, as well as dose determination, testing, bottling and packaging of cannabis flower medicinal products. For finished medicinal cannabis products, processing and manufacturing typically needs to occur in facilities certified to UK-GMP, which is certified by the relevant national authority. In the UK, UK-GMP certification is co-ordinated by the MHRA, with compliance required to obtain a relevant manufacturing and/or import authorisation.

Physicians

Depending on local laws, physicians are typically the only party that can authorise the use of medicinal cannabis products by patients. This is generally done through the provision of a prescription from a physician and/or an unsolicited order by a physician for an unauthorised medicinal product for an individual patient.

5. THE CELADON GROUP

5.1 *Business Model*

The Directors and Proposed Directors believe that the Celadon Group is positioning itself to be one of the first businesses to receive the requisite licences and registrations in the UK to grow, manufacture and sell high quality medicinal cannabis as an API in the UK. Achieving the various authorisations, registrations and licences is time consuming having taken CPL over two years to reach the current status of the licence applications, including receiving a Home Office Licence. It is also an expensive and complex process, requiring significant amounts of upfront expenditure before an application for MHRA registration be made and Home Office approval sought. The Directors and Proposed Directors believe that this represents a material barrier to entry for other businesses seeking to research, grow and manufacture high quality medicinal cannabis in the UK.

Celadon aims to facilitate access to high quality THC medicinal cannabis by undertaking trials, documenting and sharing the resulting data and educating physicians, and forming partnerships with other parties seeking to manufacture and utilise cannabinoid-derived medicines. Following receipt of the relevant UK-GMP certification from, and registration with, the MHRA, the Celadon Group intends to cultivate and manufacture cannabis derived API from its own facilities and supply its API to the UK manufacturing market.

The parts of the value chain for medicinal cannabis (as set out above in paragraph 4.6 of this Part II) that the Celadon Group intends to operate in is set out below.

R&D/clinical research	Growing	Processing / Production	Manufacturing API	Physicians
Through LVL and Kingdom and in due course through CPL	Through CPL	Through CPL	Through CPL (and supply to Kingdom for finished medicinal product manufacturing)	Through the LVL clinic and partner clinics

5.2 *Data*

The UK Government has requested data of cannabis' efficacy from the wider market and for that data to be presented to NICE in the correct manner. The Celadon Group will work to collate usable and robust data from the Trial and other future trials it plans to conduct and will present this data to NICE. Celadon will also educate physicians, regulators and patients with parallel education and marketing initiatives.

5.2.1 *Education*

The Celadon Group is working with a number of senior doctors with a view to facilitating the provision of the requisite level of information for the medical community to prescribe cannabis-derived medicines with confidence. The Celadon Group has developed a training centre at its facility in the Midlands with a view to increasing knowledge for physicians. Many of these physicians will work in the private sector, often at pain clinics, and together are believed to have thousands of patients who suffer from pain related conditions and who might benefit from cannabis medicines. Celadon is also in early stage discussions with third parties about developing education packages for physicians.

5.2.2 *Trials*

In addition to the Trial, the Celadon Group will undertake and invest in trials (both through LVL and other parties) to further evidence the efficacy of cannabinoid derived medicines for certain medical conditions.

5.2.3 *Sports Research*

The Celadon Group is working with the Sports Science Agency to research the potential for cannabinoids to treat sports persons, particularly those at the end of their careers with chronic pain conditions.

5.2.4 *LVL*

Vertigrow is the majority owner of LVL, a prospective private pain clinic business which is the prospective sponsor of what the Directors and Proposed Directors believe will, once approved, the only MHRA and REC authorised medicinal cannabis clinical trial for patients with chronic pain in the UK at the time it commences. This Trial has been designed and developed to determine the safety and the effectiveness of a medicinal cannabis treatment for moderate to severe chronic non-cancer pain in a real-world setting based on certain agreed measures, compared with appropriate data from matched control patients receiving standard patient care (such as prescribing of other medicines).

Vertigrow acquired a 57.5 per cent. shareholding in LVL from SEEK on 14 July 2021 for initial consideration in the amount of £500,000. Deferred consideration of £1.5m is payable in the event that (i) each of MHRA and REC authorise the Trial; and (ii) 5,000 paying patients of Vertigrow's clinic are accepted onto the Trial and receive their first prescriptions under the Trial within 18 months of 14 July 2021 (i.e. by 14 January 2023). Such deferred consideration is to be satisfied by the issue of shares in an entity in the same group as Vertigrow whose securities are publicly listed on a recognised stock exchange at the relevant time ("**Listco**"), with the price for such shares being the average of the middle market quotations for shares in Listco for the five consecutive dealing days immediately preceding the date of issue of such shares. As REC authorisation for the Trial was not obtained by LVL within six months of 14 July 2021 (i.e. by 14 January 2022), Vertigrow became entitled on that date to acquire for £1 further shares from SEEK so as to increase its aggregate shareholding in LVL to 70 per cent. On 14 July 2021, pursuant to a loan agreement between Vertigrow and LVL of the same date, Vertigrow provided a loan to LVL in the amount of £500,000 for working capital purposes. The loan is repayable on 14 July 2024.

LVL was established by PepTcell Limited, who operate under the trademark SEEK^{TM} (www.seekacure.com). SEEK are a leading group of experienced researchers and scientists who have a clear understanding of the UK and international regulatory processes and interacting with regulators including FDA and NICE. Furthermore, they have a track record of developing certain medicines, including medicine for HIV, some of which have been approved for use by the NHS.

The LVL Private Pain Clinic

LVL is a specialist pain clinic researching the best ways to use medicinal cannabis alongside patients current treatments to help people manage their chronic pain. LVL focuses on helping people suffering from neuropathic, immune system and injury-induced chronic pain to access medicinal cannabis via partner clinics. LVL is currently referring patients to physical clinics which are owned and operated by third parties. In due course, LVL plans to open its own physical clinic on Harley Street in London and is currently undergoing the necessary approval process with the CQC in order to operate that clinic. In the meantime, patients will consult with the doctor to whom they have been referred using telehealth (an online clinic service) and through the third party physical clinic. LVL ensures that all doctors who accept referred patients are aware and supportive of LVL's long term intentions.

Patients of LVL are offered a streamlined service that, the Directors and Proposed Directors believe, will vastly improve the medicinal cannabis offering to UK patients. This service is the same service which will be offered to patients invited to take part in the Study and the Trial. Patients will be charged £300 per month for their treatment, which will be the same as patients who participate in the Study and the Trial.

Given the LVL clinic's full-service chronic pain offering via its third party partner clinics, the consistency, quality and availability of the third party medicinal cannabis product and the RYAH vaporiser product, the Directors and Proposed Directors anticipate that, once fully operational, the service will be in high demand from patients who have to date been frustrated in using legal medicinal cannabis in the UK.

The Trial

The Trial is designed as a paid for trial and the design is made possible on the basis that the participants will be paying for their treatment, which includes the prescribing of the Trial drug. The aim of the Trial differs from the usual aim of the typical three-phase clinical trials as LVL and the third party medicinal cannabis product supplier do not intend to seek regulatory authorisation for a specific medicinal product using the data arising from the Trial.

The object of the Trial is to determine the safety and the effectiveness of a medicinal cannabis treatment for moderate to severe chronic non-cancer pain in a real world setting on pain numerical rating scores (NRS) scores, quality of life measures, sleep scores, personal wellbeing, global impression of change and changes in the dosing of concomitant analgesic treatments, compared with appropriate matched controls receiving opioids and/or other neuropathic pain relief. To determine the tolerability of a medicinal cannabis treatment in patients by assessing psychological morbidity such as anxiety and effects on gut function, and dizziness measurements.

LVL believe that globally, three types of medicinal cannabis products are commonly used to treat chronic non-cancer pain. These products contain either a high, medium or low content of THC balanced by reciprocal ratios of CBD. LVL believe that the evidence base indicates that whole flower products with balanced THC and CBD content and levels of other phytochemicals unaffected by extraction, give the maximum levels of efficacy. However, more evidence is needed on the use of these forms of medicinal cannabis to assess efficacy and tolerability. In addition, data will be collected on the concomitant dosing of medications such as opioids and antineuropathic adjuvant analgesics, as part of a patient's standard of care, thereby enabling the impact of medicinal cannabis on the use of standard of care treatment to be assessed.

To date, SEEK has invested over £4 million designing the Trial. On 22 May 2020, it obtained conditional authorisation from the MHRA for the Trial subject to any amendments required by the REC. Through 2020 and 2021, LVL worked with REC to finalise approval for the MHRA conditionally authorised Trial and the Directors and Proposed Directors believe that during the second half of 2022 the Trial will become unconditionally authorised by both MHRA and REC. In the meantime, LVL will undertake the Study using exactly the same service (including product, protocols and medical supervision) that will be offered under the Trial but which does not have any endpoints studying the safety or efficacy of a medicinal product.

As the Study does not study the safety and efficacy of a medicinal product it does not require regulatory approval to the same extent as the Trial does.

In November 2021, REC approved the Study for a minimum of 100 patients, as REC wanted to observe the initial patient take-up before they would approve the commencement of the Trial. The first patients have now been onboarded for treatment under the protocols for the Study and the Trial, and LVL have advised that the initial patient feedback has been extremely positive (with patients reporting material reduction in pain, ability to sleep and improvements in their quality of life). These patients have also agreed to enrolment in the Study, with a view to the Study commencing in March 2022. Once at least 100 patients have been recruited to the Study, LVL will meet again with REC to seek formal approval to start the Trial for up to 5,000 patients. REC have agreed that the data collected in the Study can be included in the results of the Trial. As REC's request for the Study post-dates MHRA's conditional approval of the Trial LVL has contacted the

MHRA to update it regarding the Study and to clarify the basis on which the third party vaporisers used in the Study are to be supplied to onboarded patients by LVL.

The Directors and Proposed Directors believe that the Trial, once approved by REC, will at the time it commences, be the only chronic pain cannabis trial authorised by the MHRA and REC in the UK which itself has taken SEEK over two years to design and develop. The primary objective of the Trial is to collect reliable, clinical data that can be used as evidence of the safety and efficacy of the type of cannabis-based medicinal product studied in the Trial and enable LVL to present such data to NICE.

The Trial is designed to be a paid-for-trial where patients will pay £300 per month to participate and to receive medicinal cannabis as part of their treatment. The Trial is initially targeting to recruit 500 patients. It is expected that there will be an interim read out after 12 months on the Trial which would allow LVL to formally assess the efficacy and safety data. The Trial will end when the last of such patients has received their treatment with cannabis-based medicinal product which lasts for three years. With the approval of REC, the number of patients in the Trial can be increased from 500.

The LVL team is being established, with the current operational team at LVL leading the recruitment process alongside input and advice provided by Vertigrow where required. The Board of LVL is controlled by Vertigrow by virtue of its majority of directors.

Once the Trial is approved by the REC, the LVL Private Pain Clinic will also allow LVL to advertise to prospective patients regarding participating in the medicinal cannabis Trial; something which is not permissible from a regulatory standpoint for trials without REC approval. In the meantime, Specials doctors working with or for the LVL Private Pain Clinic are able to prescribe medicinal cannabis to patients under the Specials regime.

SEEK's and Celadon's research has suggested that the best general formulation for the treatment of pain is the whole ground flower and not extracts. Therefore, the Trial will use an 8% THC / 8% CBD strain as a whole flower for the Trial. SEEK's research has also suggested that THC is not a critical component for pain management but when combined with CBD in a balanced way, can offer patients the optimum risk benefit profile for pain management as a result of terpenes interacting with cannabinoids through the entourage effect.

The Directors and Proposed Directors believe that there are no UK licensed growers who can legally grow and supply the cannabis that has been authorised for the Study and Trial. As such, LVL has entered into a services agreement with Grow Pharma Ltd ("Grow Pharma") as summarised in paragraph 15.1.12 of Part VII of the Admission Document. Grow Pharma is a joint venture company between Grow Group plc and Vertical Pharma Resources Limited ("Vertical"). Under the services agreement, Grow Pharma is to procure that Vertical will import the high THC cannabis approved by MHRA for the Study and the Trial from approved European suppliers. Vertical is a licensed importer of unlicensed medicines including cannabis based medicines. It is also the holder of a pharmacy registration from the General Pharmaceutical Council which permits extemporaneous preparation of medicines. Grow Pharma will procure the grinding of the cannabis flower and filling of the product into a sealed and bar-coded cartridge provided by RYAH for use in an inhaling device made by RYAH that LVL has exclusive use of in the UK for a five year period, on a rolling basis. LVL will pay Grow Pharma for the filled cannabis cartridges, and LVL will pay RYAH for the inhaling device. Patients will pay a service fee to LVL, as the sponsor of the Trial and the Study, which will cover the cost of the cartridges, the inhaling device and related services. The agreement with Grow Pharma provides that it may be terminated for breach or 18 months after the start of the agreement by either party giving six months' notice to the other at any time after expiry of the exclusivity arrangements set out in the agreement, which relate respectively to LVL not accepting a forecasted volume of product at its UK storage facility within the relevant quarter or LVL not providing Grow Pharma with sufficient prescriptions to meet the minimum volume in any contract year, being 60 per cent. of the annual estimate of the product required in each contract year.

Once CPL is licensed and its Midlands facility is fully operational and in production at scale, the Company will be entitled to supply cannabis to an appropriately authorized manufacturer for use in manufacturing products for use in subsequent clinical studies and/or for supply for dispensing to patients of the LVL Private Pain Clinic once it is registered with the CQC. These supply arrangements have the potential to generate material revenue for the Celadon Group.

Once approval for the Trial is received from the REC, the Trial would then recruit and onboard its first patients shortly thereafter, which the Directors and Proposed Directors believe to be in or around Q2 2022, including the recruitment of those existing patients in the Study.

LVL Leadership Team

The leadership team for LVL is comprised of a strong team of SEEK executives and scientists with long standing pharmaceutical and healthcare industry experience, encompassing research discovery and

development, finance and business development, sales and marketing, that all combine to contribute towards SEEK's success. The LVL leadership team is detailed below.

Gregory Stoloff

Founded SEEK (formerly known as PepTcell) in 2004 after a career in investment banking spanning 20 years at Deutsche Bank and UBS. Gregory is a qualified Chartered Accountant and has spent many years researching scientific medical issues, specifically related to the immune system. He has also been involved in several publications, recounting research in the peptide space and is listed as an inventor in numerous patents for cancer, HIV, mosquito-borne diseases and influenza.

John Brew

A pharmacologist with experience in animal models, toxicology, regulatory and project management. Head of Biology across the SEEK group, bringing expertise and knowledge to drive the Celadon Group's pharmaceutical assets from conception through to completion. Experience in leading all facets of product development, including formulation development, clinical program development, regulatory dossier submission and publication. Two of these products (Unicough and Flarin) have reached the marketplace. Prior to joining SEEK in 2009, John spent 12 years in biotech and pharmaceutical industries.

Declan Monaghan

CFO at SEEK, encompassing PepTcell Limited, ConserV Bioscience Limited, Health Clinics Limited and Biocopea Limited. Holds a London Business School Sloan MSc degree in Leadership and Strategy. Fellow of the Chartered Association of Certified Accountants (FCCA).

Dr Shaw Sorooshian

Proposed to be the Principal Investigator on the Trial subject to MHRA approval. Dr Sorooshian is listed on the General Medical Council's specialist register and has experience across all phases of clinical drug development in several therapy areas, including rare diseases, gene therapy, neuroscience, anaesthesia, immuno-inflammation, chronic renal disease, antifungals/dermatology, and haematology.

Delivery mechanism and data capture

The medicinal cannabis to be studied in the Trial will be administered through the use of a RYAH inhalation device by all patients, which will also be studied for this intended purpose as part of the Trial. A fundamental part of the Trial is measurement of dosing and the time patients are taking their medicine; the delivery system is therefore a critical part of the Trial. The RYAH inhalation product has been chosen for the Trial due to its technology and capabilities. The RYAH device is an advanced vaporiser. The basic premise of a cannabis vaporiser is that a cannabinoid source is heated to a temperature sufficient to vaporise cannabinoids into an air stream, therein generating an aerosol that is inhaled by the patient for therapeutic effect.

The vaporiser delivers a consistent and accurate inhalation amount for any user and therefore the amount of THC and CBD contained within that inhalation can be precisely measured. The vaporiser utilises proprietary cartridges provided by Grow Pharma that have a unique QR code that synchronise with the RYAH application (which is a mobile app), which will allow for data capture from all patients. The RYAH cartridges have been approved by Health Canada and the RYAH device is certified to IEC60601 standards under radio equipment legislation. RYAH Group, Inc. is listed on the Canadian Securities Exchange.

LVL has the exclusive rights to distribute the filled cartridges and RYAH devices in the UK for a rolling five years, provided minimum orders are placed.

Submitting the data to NICE

Once the Trial is completed, should the Trial data show the safety and efficacy of the cannabis treatment for pain relief, LVL intends to present the data from the Trial to NICE as evidence of the safety and efficacy of the type of cannabis-based medicinal product studied in the Trial for pain relief.

Given the limited amount of clinical trial data available on medicinal cannabis, the Directors and Proposed Directors believe that even if the data was not endorsed by NICE it would still be valuable data for doctors listed on the General Medical Council's specialist register in their prescription of medicinal cannabis and would inform LVL on the design of subsequent trials for other indications. Celadon plan to undertake further similar trials in LVL in the future and the results from the Trial will educate the design of such future trials.

5.2.5 *Kingdom Therapeutics Limited*

Celadon owns a 17 per cent. shareholding in Kingdom Therapeutics Limited ("Kingdom"), a company established by Elizabeth Shanahan, a Non-Executive Director of the Company.

Kingdom is an early stage, pharmaceutical company focused on applying a rigorous approach to the promising field of the endocannabinoid system for those with neurological disorders.

Kingdom believes that the endocannabinoid system has significant potential in those patients with a number of neurological conditions. A number of pre-clinical and real-world studies have indicated that cannabinoids may have beneficial effects on a number of neurological parameters but to date research has been limited and impeded by an inability to protect intellectual property developed. Kingdom's approach is based on a pharmaceutical approach, combined with developing a robust, IP secure formulation. They believe their research will lead to novel, effective therapeutics which will benefit this area of significant unmet demand.

Kingdom is a company founded by a team which consists of two expert scientists in the field of endocannabinoids, experts in the clinical and regulatory sphere, an expert in healthcare provision and an autism parent advocate. The company appointed Professor Trevor Jones, one of the UK's most experienced pharmaceutical R&D experts and recently appointed Chair of the European Medicinal Cannabis Association, as an adviser to the Kingdom board.

Kingdom approached the Celadon Group to secure high quality, consistent cannabinoid products. Once registered by the MHRA and following the issue to CPL of a Home Office licence permitting commercial supply, CPL will be able to supply API to Kingdom for its pre-clinical trial work. Kingdom is currently advancing the preparatory work associated with the design of its clinical programme and hopes to have early indicators in 2022, subject to having all requisite licences and approvals in place. The trial is expected to be a traditional clinical trial in its design but the UK legislative framework for medicinal cannabis may offer early market access through the Specials framework for Kingdom's products whilst they continue their clinical programme, aiming for market authorisation in the UK, Europe & US. In addition, Kingdom's links with the autism clinical and advocacy community gives it access and the ability to engage.

As well as being a shareholder in Kingdom, the Celadon Group is expected to be the exclusive supplier of cannabinoid API to Kingdom. The approach Kingdom is taking means they require consistent product throughout and, if approved as a licenced medicine, the same cannabinoids need to be used for the commercialised product. Therefore, if Kingdom's trial is successful, the Celadon Group will have the potential to generate significant revenues from the exclusive supplier arrangement.

5.3 Grow

The Celadon Group's Midlands based premises are a highly secure, resilient, cannabis cultivation and processing facility designed to meet UK-GMP standards. The facility currently includes a laboratory designed to meet UK-GMP standards that incorporates an advanced growing space ("Phase 1"). The Celadon Group plans to complete the fit out of the second grow space during H2 2022 which would enable CPL to have its own cultivated API product available for sale by the end of 2022 ("Phase 2") subject registration with MHRA and the Home Office granting a new further licence permitting commercial supply. Phase 2 is estimated to cost approximately £5 million. The Celadon Group's third expansion phase would include the fit out of additional space within the 100,000 square foot facility, and subject to the availability of funds, this would be expected to be completed during 2024.

At full capacity, the Directors and Proposed Directors believe that this facility will produce an estimated nine tonnes of dry flower, which is enough API to produce finished product to supply up to circa 50,000 patients per annum.

The cultivation facility is designed as an indoor, hydroponic system to ensure cannabis plants are cultivated under highly specific climate, light and irrigation control at all times.

Celadon has established strict quality control systems and processes that it will implement throughout the cultivation cycle and will follow GACP guidelines, including daily observations of all plants with all growing parameters documented. Detailed documentation and post-harvest review of the plant profiles should enable a cycle of continuous improvement.

The Celadon Group initially plans to grow its own formulation to create its own flower. Celadon plans to source the initial cuttings for their flower from licensed suppliers in Europe.

Celadon is currently designing a programme of "pheno hunting", which will allow the Celadon Group to develop further stable seed genetics in its own IP and flower. Celadon's cultivation team and scientific team will work together to test specific combinations of cannabinoids, terpenes and flavonoids that have been demonstrated as effective for treating particular conditions. They will also look to experiment to determine which plants have the best overall plant health and yield, and the quickest flowering times with disease resistance.

The phenotype hunting process is used to identify plants that will then be used for the Celadon Group's mother plant stock which will then be used to develop cuttings that can supply the Celadon Group with identical copies of the selected plants.

The Celadon Group intends to conduct extensive testing on different cultivars to identify plant genetics and growing cycles to try to optimise yield and cannabinoid profiles. The Celadon Group intends to have a range of cannabis cultivars which are used to produce its range of medicinal cannabis products.

Cultivation Process

Once a specific genetic line of cannabis plant has been established, it will be preserved from degradation by keeping stock plants called “mother plants” from which future cuttings will be taken for cultivation.

The typical cannabis plant has a growing time of approximately three-to-five months. The desired formulation and final product determine the optimum harvesting time and process and subsequent processing steps.

The process required to obtain dry cannabis flower involves drying, trimming and curing the plant. To produce an oil-based cannabis product, a further refinement step is required. The most effective refinement processes use solvents to dissolve and extract the resinous trichomes from the cannabis flower. Celadon believes that the most popular solvent extraction methods use ethanol or super-critical carbon dioxide with both methods extracting more than 90 per cent. of the cannabinoids present in the plant.

The Celadon Group intends to use ethanol extraction methods and intends to have a CO2 extraction unit available to be used in the future.

The precision required in cultivating high THC and CBD medicinal flowers means the requisite quality of production is achieved through the use of indoor hydroponic systems. This approach typically uses significantly more energy than traditional horticulture as plants require high intensity lighting due to the lack of natural light, as well as substantial HVAC systems (including dehumidifiers). This results in considerable demands for significant amounts of electricity, which is often sourced from fossil fuels.

The Directors and Proposed Directors will be taking steps to minimise the environmental impact of the growing process by putting plans in place that will help lessen the environmental impact of CPL’s indoor growing. Some of these initiatives will include using super efficient LED grow lights, collecting and reusing water, sealing grow and processing areas to minimise the risk of releasing volatile organic compounds (“VOCs”), filtration systems to remove harmful VOCs, and careful management of waste product. Furthermore, by establishing its own growing facility, Vertigrow is helping to reduce its carbon footprint as less import and transportation time will be required shipping third party product in for use in the production process.

James Short has extensive experience in renewable energy, having spent circa 15 years of his career in the sector, and is focused on further reducing the environmental impact of growing medicinal cannabis.

5.4 *Product*

CPL intends to produce medicinal flower with a high THC and CBD content as an API for the market. An API is a substance used in a finished pharmaceutical product, intended to furnish pharmacological activity or to otherwise have direct effect in the diagnosis, cure, mitigation, treatment or prevention of disease, or to have direct effect in restoring, correcting or modifying physiological functions in human beings.

Under CPL's proposed production strategy, it will initially focus on producing API oil during Phase 1. At the point Phase 2 is operational, Vertigrow will also look to expand production to include dry flower.

5.5 *Distribution*

Celadon intends to utilise third party MHRA registered API distributors for its API products. At this stage there are no agreements in place with such distributors, however, there are a number of CPL pre-approved distribution partners which it will look to work with.

5.6 *QMS and Procedures*

The medicinal cannabis industry is highly regulated. Extensive QMS are required to be implemented and complied with on an ongoing basis by MHRA as well as detailed security requirements for Home Office purposes.

CPL's operating systems are built using specialist cannabis focused software and have been integrated by the CPL team in line with CPL’s requirements. They are also designed to ensure as much data as possible is captured throughout the growing process to provide a full “seed to sale” overview. CPL's operating system is a fully customised supply-chain management platform, tracking production, compliance, COGS, yields, and audit reporting data in real time. CPL’s customisation includes incorporating a QMS system that addresses CPL’s MHRA compliance, auditing and data sovereignty.

CPL maintains its own in-house Quality Assurance team, which has 20+ years' experience. This team will be responsible for ensuring quality standards for UK-GMP are met and also for monitoring the Celadon Group's compliance with its approved Standard Operating Procedures ("SOPs"). They will conduct internal audits which is part of QMS and will work with the MHRA in relation to their audits as well.

Celadon has developed its QMS in line with the EUDRALEX Volume 4, which lays down the principles and guidelines of UK-GMP in respect of medicinal products for human use and investigational medicinal products for human use.

Any changes to the QMS, manufacturing process or equipment / facilities are managed through a stringent change control process which is a key tool to ensure compliance and controls. Equally, a robust Deviation and Corrective and Preventive Action ("CAPA") system is in place to assure that adverse quality events are thoroughly investigated and appropriate corrective measures are implemented to prevent reoccurrence.

6. REVENUE MODEL

6.1 The Celadon Group is in the early stages of revenue generation, and largely incurring operating and capital expenditure as it continues to develop its Midlands based facility in anticipation of MHRA registration and grant of a new Home Office licence permitting commercial supply in replacement of its existing Home Office Licence permitting cultivation for the purpose of demonstrating compliance with MHRA regulations to the MHRA. No revenues were reported for the period from incorporation to 30 June 2021, and revenues for the Celadon Group are firstly being generated from the LVL Pain research clinic.

6.2 Celadon currently has two main revenue sources that it is receiving and expects to receive:

6.2.1 **LVL** – once authorised, the LVL Pain Private Clinic will be charging £300 per patient per month for that patient to be prescribed medicinal cannabis by doctors who are on the General Medical Council's specialist register. Under the terms of the Study and the Trial, LVL will receive £300 per patient per month for that patient to be prescribed medicinal cannabis by a Specialist doctor. In addition, LVL will receive an upfront fee of £300 per patient to cover the cost of the RYAH vaporiser, initial tests and consultation irrespective of whether the patient agrees to participate in the Trial. If LVL are able to recruit 5,000 patients, this has the potential to generate approximately £18 million of revenue within LVL on an annualised basis and gross margins of ~28% and ~22% on an EBITDA basis. LVL's private pain clinic operations have now commenced prescribing cannabis through referrals to third party CQC approved clinics and, as a result, Vertigrow is now generating minimal levels of revenue.

6.2.2 **Growing and supplying medicinal cannabis API** – upon receipt of the requisite MHRA registration and the grant of a Home Office licence permitting commercial production and supply, the Celadon Group intends to commence the cultivation of its own medicinal cannabis via the production of an extracted oil for use as an API. Vertigrow's revenue model for growing medicinal cannabis is that a typical patient will be prescribed 15 grams of cannabis flower in the form of finished medicinal product per month and will pay £10 per gram, which would equate to £1,800 per patient per annum. The Directors and Proposed Directors believe that the Midlands facility could service API for finished medicinal products for circa 50,000 patients per annum once Phase 2 and 3 are completed and fully operational, which has the potential to generate revenues of circa £90 million per annum, and gross margins of ~65% and ~55% on an EBITDA basis. Phase 3 build out remains subject to further funding, which the Directors anticipate will either be raised through internally generated funds, or external capital providers.

7. CELADON MANAGEMENT & KEY PERSONNEL

Vertigrow currently has 15 full time employees who have been recruited based on experience in the sector and building well governed and structured organisations.

As the business delivers on its milestones, it will increase its recruitment and plans to hire additional people during 2021 in line with the phased growth plans with additional support coming from consultants where required.

Other than the Directors and the Proposed Directors, the following are key personnel for the Celadon Group:

Arthur Wakeley (Managing Director, UK)

Arthur is an experienced executive who was formerly a leader in McKinsey's Consumer Tech & Media and Consumer / Retail practices, working with a number of global corporate and private equity clients. He has

wide ranging experience across strategy, growth, digital innovation, marketing and sales, and commercial partnerships. Prior to joining McKinsey in March 2018, Arthur developed a strong financial and transaction background from his time working within investment banking at Lazard's M&A Advisory team.

Iqbal Gill (Chief Scientific Officer)

Iqbal is a botanist and chemist with 24 years of experience in the natural products, pharmaceutical, biotechnology, fine chemical, materials and food industries. He has acted as an R&D Consultant and has published papers in numerous areas related to the industry.

James Berry (Senior Operations Manager)

James is an expert grower who has international experience in growing in both indoor and outdoor facilities. The knowledge gained over a number of years has allowed him to develop key techniques for cultivation which have enhanced crop development.

Philippe Larose (Senior Quality Assurance Manager)

Phillippe is an experienced quality and regulatory professional with a demonstrated history of working in the API/Pharmaceutical industry in leadership roles and multi-cultural environment, predominantly in CDMOs with strong exposure to clients and regulatory inspections.

Andreas Lypas (Agronomist)

Andreas has a master's degree in Agriculture Crop Production and the Rural Environment. Experience in a variety of harvesting techniques, researching crop growth, influencing agricultural development, knowledge of phytopathology, background in farming and crop cultivation techniques.

Rao Valivety (Senior R&D and Laboratory Manager)

Rao is a PhD chemist with over 30 years R&D experience in food, pharmaceuticals, biotech and material science. Organic and bio-organic synthesis, process and product development, analytical method development and validation.

Paul Allen (Senior IT and Technology Manager)

Paul is an experienced technology and business analyst. He has developed successful business technology strategies and has expertise in the cannabis industry.

8. CURRENT TRADING AND PROSPECTS

The financial information for the period since incorporation of the Celadon Group and CPL to 30 June 2021 is set out in Part IV of the Admission Document. Since 30 June 2021:

(a) **Acquisition of 57.5 per cent. of the issued share capital of Harley Street (CPC) Limited**

On 14 July 2021, Vertigrow acquired a 57.5 per cent. shareholding in LVL from SEEK. Further details of this acquisition are set out in paragraph 15.1.10 of Part VII of the Admission Document. Since the acquisition the LVL Private Pain Clinic business has commenced operations.

(b) **Home Office Licence received by CPL**

On 23 July 2021, Vertigrow, through its subsidiary, CPL, received its Home Office Licence to be able to legally grow medicinal cannabis in the UK for the purpose of producing test batches of cannabis oil to support CPL's application for MHRA registration as a manufacturer of medicinal product APIs. This licence was renewed on 12 January 2022.

DEFINITIONS

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

"2001 Regulations"	means the UK Misuse of Drugs Regulations 2001;
“ACMD”	means the UK Advisory Council on the Misuse of Drugs;
"Acquisition"	means the proposed acquisition by the Company of the fully diluted issued share capital of Vertigrow pursuant to the terms of the Acquisition Agreement;
"Acquisition Agreement"	means the conditional share purchase agreement dated 28 October 2021 in relation to the sale and purchase of the fully diluted issued share capital of Vertigrow, further details of which are set out in paragraph 15.1.2 of Part VII of the Admission Document;
"Act"	means the Companies Act 2006, as amended;
"Admission"	means admission of the Enlarged Share Capital to trading on AIM becoming effective;
“Admission Document”	the Company’s admission document dated 28 February 2022;
"AIM"	means AIM, a market operated by the London Stock Exchange;
"AIM Rules for Companies"	means the AIM Rules for Companies, as published by the London Stock Exchange from time to time and setting out the rules and responsibilities in relation to companies with a class of securities admitted to AIM;
"AIM Rules for Nominated Advisers"	the AIM Rules for Nominated Advisers, as published by the London Stock Exchange from time to time and setting out the eligibility, ongoing obligations and contain disciplinary matters in relation to nominated advisers;
"Articles"	means the articles of association of the Company as at the date of the Admission Document;
"Canaccord Genuity"	means Canaccord Genuity Limited, a company incorporated in England and Wales with registered number 01774003 and registered office at 88 Wood Street, London, EC2V 7QR;
"Celadon", "Celadon Group"	means Vertigrow and its subsidiary undertakings;
"Celadon CLN Holders"	means AFS Advisors LLP, Surplus Property Solutions Holdings Limited, Sir Bryan and Lady Mary Nicholson, Trevor Fenwick, David Brazier, James Gardner, Andrew Gardner, Bolton Agnew, Jill Bishop, Citrine Ventures 2, LLC, Sebben Investments Limited, Nicholas Bell, Blue-Eye Capital Ltd, Anna Schubert, Justin Dowding, Mark Simmons, Mark Irvine, Christine Greaves, Omar-Salim Dhanani and JAG Group Holdins PTE. Ltd;
"Celadon CLNs"	means the £4,130,000 of principal amount of notes issued pursuant to the convertible loan note instrument of Vertigrow relating to £4,130,000 8% fixed rate senior secured convertible loan notes entered into on 5

	February 2021 and as amended on 13 March 2021 and 28 October 2021;
"Celadon Founders"	means James Short and Cormac Short and Paul Allen;
"Celadon Sellers"	means each of James Short, John Mitchell, Cormac Short, Paul Allen, Jonathan Rickard, Edward Henry, Henry Porter, John Hall, Wallis Health Consultants Limited, Robert Sedgwick and Fraser Robertson;
"certificated" or "in certificated form"	in relation to an Ordinary Share, recorded on the Company's register as being held in certificated form (that is not in CREST);
"Company" or "Summerway"	means Summerway Capital Plc, a company incorporated in England and Wales with registered number 11545912 and registered office at 32-33 Cowcross Street, London, England, EC1M 6DF;
“Company Subsidiary”	means Summerway Subco Limited, a company incorporated in England and Wales with registered number 11565845 and registered office at 32-33 Cowcross Street, London, England, EC1M 6DF;
"Concert Party"	means a concert party for the purpose of the Takeover Code which comprises James Short, Cormac Short, John Mitchell, Paul Allen and Jonathan Rickard, as more fully described in paragraph 15 of Part I and paragraph 11.2 of Part VII of the Admission Document;
"Consideration Shares"	means the 48,484,848 new Ordinary Shares to be issued fully paid by the Company on completion of the Acquisition to the Celadon Sellers and the Celadon CLN Holders pursuant to the Acquisition Agreement;
"CPL"	means Celadon Pharma Ltd, a company incorporated in England and Wales with registered number 11549833 and registered office at 32-33 Cowcross Street, London, England, EC1M 6DF;
"CREST"	means the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland is the operator;
"Directors" or "Board"	means the directors of the Company at the date of the Admission Document whose names are set out on page 15;
“EIS”	means the UK Government’s Enterprise Investment Scheme;
“EFIC”	means the European Pain Federation;
“EMA”	means the European Medicines Agency;
"Enlarged Group"	means the Company and its subsidiary undertakings immediately following completion of the Acquisition;
"Enlarged Share Capital"	means the Ordinary Shares in issue immediately following the Placing, completion of the Acquisition and Admission, comprising the existing Ordinary Shares, the Placing Shares and the Consideration Shares;
"EU"	means the European Union;

"Euroclear UK & Ireland"	means Euroclear UK and International Limited;
"Existing Ordinary Shares"	means the Ordinary Shares in issue immediately prior to the Placing and completion of the Acquisition
“FDA”	means the US Food and Drug Administration;
"First Placing"	means the placing of the First Placing Shares which includes certain Subscription Shares at the Placing Price pursuant to the Placing Agreement and the Subscription respectively;
"First Placing Shares"	means 1,830,297 Ordinary Shares which are the subject of the First Placing;
"Fundraising"	means the Placing;
"Fundraising Shares"	means the Placing Shares;
“GACP”	means Good Agricultural and Collection Practice;
"General Meeting"	means the general meeting to be held at 10.00 a.m. on 25 March 2022 or any adjournment thereof, notice of which is set out in Part IX of the Admission Document;
“GMC”	means the UK General Medical Council;
“GP”	means a general medical practitioner;
"Group" or "Existing Group"	means the Company and its subsidiary undertakings immediately prior to completion of the Acquisition;
"GW Pharmaceuticals"	means GW Pharmaceuticals Ltd;
"Home Office Licence"	means a licence from the Home Office to grow medicinal cannabis in the UK for the purpose of producing test batches of cannabis oil;
"Independent Shareholders"	means those Shareholders other than any Shareholders who participate in the Fundraising (to the extent they are Shareholders as at the record date);
"Kingdom"	means Kingdom Therapeutics Limited, a company incorporated in England and Wales with registered number 11833371 and registered office at 409 The Pillbox, 115 Coventry Road, London, England, E2 6GG;
"Loan Agreement"	means the loan agreement of up to £4.25 million, made between Summerway (as lender) and Vertigrow (as borrower) and dated 28 October 2021;

"Lock-in Deeds"	means the lock-in deeds to be entered into by certain Shareholders, details of which are set out in paragraph 15.1.7 of Part VII of the Admission Document;
"London Stock Exchange"	means London Stock Exchange plc;
"LVL"	means Harley Street (CPC) Limited, a company incorporated in England and Wales with registered number 11732923 and registered office at The Walbrook Building, 25 Walbrook, London, England, EC4N 8AF;
"MDA 1971"	means the UK Misuse of Drugs Act 1971;
"MHRA"	means the UK Medicines and Healthcare products Regulatory Agency;
"NASDAQ"	means the NASDAQ Global Market;
"Net Proceeds"	means the proceeds of the Fundraising receivable by the Company after deducting the costs and expenses of the Placing and Admission;
"NHS"	means the UK National Health Service;
"NICE"	means the UK National Institute for Health and Care Excellence;
"Notice of General Meeting"	means the notice of the General Meeting set out in Part IX of the Admission Document;
"Ordinary Shares"	means ordinary shares of one pence each in the capital of the Company;
"Placing"	means the First Placing and the Second Placing;
"Placing Agreement"	means the conditional agreement in respect of the First Placing and the Second Placing between (1) the Company, (2) the Directors (3) the Proposed Directors and (4) Canaccord Genuity dated 28 February 2022, particulars of which are summarised in paragraph 15.1.3 of Part VII of the Admission Document;
"Placing Price"	means 165 pence (£1.65) per Placing Share;
"Placing Shares"	means the First Placing Shares and the Second Placing Shares;
"Proposals"	means the Acquisition, the Fundraising, the Rule 9 Waiver, the amendment of the Articles, the Change of Name and Admission;
"Proposed Directors"	means each of James Short, Alexander Anton, Kathleen Long, Robert Barr and Dr Steven Hajioff who are to be appointed directors of the Company with effect from Admission;
"Prospectus Regulation"	means the EU Prospectus Regulation 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Prospectus Directive

	2003/71, as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018;
"Prospectus Regulation Rules"	means the prospectus regulation rules made by the FCA under Part VI of FSMA;
"QCA Code"	means the QCA Corporate Governance Code, as published by the Quoted Companies Alliance from time to time;
"Rule 9 Waiver"	the waiver granted by the Takeover Panel in respect of the obligation to make a general offer to the Shareholders pursuant to Rule 9 of the Takeover Code which would otherwise apply to the Concert Party in relation to the issue of the Consideration Shares in connection with the Acquisition;
"Rule 9 Whitewash"	means approval of the Rule 9 Waiver by the Independent Shareholders pursuant to Rule 9 of the Takeover Code;
"RYAH"	RYAH Group, Inc. and its subsidiary undertakings, a medical technology company and a supplier to the Group for the purposes for the Trial;
"Second Placing"	means the placing of the Second Placing Shares which includes those Subscription Shares not included in the First Placing at the Placing Price pursuant to the Placing Agreement and the Subscription respectively;
"Second Placing Shares"	means 3,321,219 Ordinary Shares which are the subject of the Second Placing;
"Shareholders"	means the holders of Ordinary Shares;
"Statutes"	means the Companies Act and every statute (including any statutory instrument, order, regulation or subordinate legislation made under it) concerning companies so far as they apply to the Company to the extent that it is for the time being in force or (where the context requires) was in force at a particular time;
"Study"	means a feasibility study to assess the ability to recruit patients and subsequently retain patients for the Trial, which will use the patient pathways and protocols which are intended to be used in the Trial;
"Subscription"	means the subscription for new Ordinary Shares by certain investors who have entered into subscription letters with the Company;
"Subscription Shares"	means the 972,723 new Ordinary Shares to be subscribed for by investors participating by way of the Subscription;
"Subsidiaries"	means any subsidiary as defined in the Act;
“Subsidiary A Shares”	means A ordinary shares of £0.01 each in the capital of the Company Subsidiary;
"Subsidiary B Shares”	means B ordinary shares of £0.01 each in the capital of the Company Subsidiary;

"Subsidiary Incentive Scheme"	awards of Subsidiary B Shares to employees of, or consultants or advisers to, the Company (further details of which are set out at paragraph 9 (Subsidiary Incentive Scheme) of Part VII (Additional Information));
"Takeover Code"	means the City Code on Takeovers and Mergers;
"Takeover Panel"	means the Panel on Takeovers and Mergers;
"Trial"	means an MHRA and Research Ethics Committee approved clinical trial by LVL for medicinal cannabis in the UK which is expected to be launched in Q4 of this year;
"UK" or "United Kingdom"	means the UK of Great Britain and Northern Ireland;
"UK-GMP"	means Good Manufacturing Practice as applicable to Celadon's activities in the UK and as set out in Eudralex Volume 4 and applicable law;
"VAT"	means value added tax;
"VCT"	means venture capital trust;
"VCT Relief"	means UK tax relief for investors using venture capital schemes;
"Vertigrow"	means Vertigrow Technology Ltd, a company incorporated in England and Wales with registered number 11886065 and registered office at 32-33 Cowcross Street, London, England, EC1M 6DF;
"Whitewash Resolution"	means Resolution 2 in the Notice of General Meeting being an ordinary resolution to be voted on by the Independent Shareholders (on a poll) in order to approve the Rule 9 Waiver; and
"£"	means British pounds sterling.

GLOSSARY

The following glossary of technical terms applies throughout this announcement, unless the context otherwise requires:

“API”	means active pharmaceutical ingredient;
“ASD”	means autism spectrum disorder;
"CBD"	means cannabidiol;
“CBPM”	means cannabis-based products for medicinal use by humans;
“CDMO”	means contract development and manufacturing company;
"COX"	means the cyclooxygenase enzyme system; the major pathway catalysing the conversion of arachidonic acid into prostaglandins;
"CQC"	means the Care Quality Commission, the independent regulator of health and social care in England;
“full spectrum”	means whole plant extract that contains all the cannabinoids that are naturally occurring in the cannabis plant;
“Home Office”	means the lead UK government department for immigration and passports, drugs policy, crime, fire, counter-terrorism and police;
“MS”	means multiple sclerosis;
“PPAR”	means peroxisome proliferator-activated receptors, nuclear hormone receptors that are activated by fatty acids and their derivatives;
“private pain clinic”	a clinic that provides medicinal cannabis to fee paying patients for the treatment of chronic pain;
“PTSD”	means post-traumatic stress disorder;
“QMS”	means quality management system;
“Research Ethics Committee”	means a NHS Research Ethics Committee in England reviewing health and social care research;
“Rx”	means a licenced prescription-only medicinal product;
“SAE”	means serious adverse event;
"Specials"	means a category of unlicensed medicines, produced by a licenced manufacturer specifically to meet the clinical needs of an individual patient;
"THC"	means Δ^9-tetrahydrocannabinol; and
“VOCs”	means volatile organic compounds.

FUNDRAISING STATISTICS

Placing Price	165p
Number of existing Ordinary Shares	8,033,409
Total number of Consideration Shares being issued by the Company pursuant to the Acquisition	48,484,848
Total number of new Ordinary Shares being issued by the Company in the First Placing	1,830,297
Total number of new Ordinary Shares being issued by the Company in the Second Placing	3,321,219
Total number of Subscription Shares being issued by the Company pursuant to the Subscription	972,723
Number of Ordinary Shares in issue on Admission	61,669,773
Percentage of Enlarged Share Capital represented by the new Ordinary Shares issued pursuant to the Fundraising	9.9%
Market capitalisation of the Company at the Placing Price on Admission	£101,755,125
Percentage of immediate dilution of existing Shareholders resulting from the First Placing	18.6%
Percentage of immediate dilution of existing Shareholders resulting from the Second Placing	29.2%
Percentage of immediate dilution of existing Shareholders resulting from the Acquisition	85.8%
Estimated gross proceeds of the Fundraising	£8,500,001
Estimated net proceeds of the Fundraising	£6,063,171
ISIN number	GB00BDQYGP38
SEDOL number	BDQYGP3
AIM TIDM number	SWC (to be changed to CEL on Admission)
LEI	213800YXCATORT475807

EXPECTED TIMETABLE

Publication of the Admission Document	28 February 2022
Completion of the First Placing	5.00 p.m. on 25 March 2022
Admission in respect of the Placing Shares and the Consideration Shares	8.00 a.m. on 28 March 2022
Dealings commence in respect of the Enlarged Share Capital on AIM	8.00 a.m. on 28 March 2022
CREST accounts credited pursuant to the Fundraising	8.00 a.m. on 28 March 2022
Posting of share certificates pursuant to the Fundraising	By 11 April 2022

Each of the above times and dates set out above and mentioned elsewhere in this announcement may be subject to change at the absolute discretion of the Company or Canaccord Genuity without further notice. References in this announcement are references to London time unless otherwise stated.