

Celadon Pharmaceuticals Plc
("Celadon", the "Group" or the "Company")
Update on Operations and Financial Position

London, 12 August 2024 - Celadon Pharmaceuticals Plc (AIM: CEL), a UK-based pharmaceutical company focused on the development, production and sale of breakthrough cannabis-based medicines, wishes to provide an update on its operations and financial position.

Operations update

The Company's operations continue to perform in line with management expectations. The Company has been carefully managing its financial position and progressing the fulfilment of its initial UK customer orders from its Midlands facility. Given limited capacity at its facility, it has been exploring alternative options to supply pharmaceutical grade cannabis to its European customer, as announced on 16 November 2023.

The Company recently shipped product to its UK pharmaceutical customer. This shipment is part of the contract announced on 5 September 2023 which Celadon anticipated could generate up to £1.2 million of revenue per annum. The successful shipment marks a significant milestone for Celadon, emphasising our commitment to delivering high-quality, UK-grown medicinal cannabis to the market.

As a UK licensed cultivator the Company is proud to support the healthcare system with a consistent and high-grade pharmaceutical product that is grown domestically.

Equity fundraise

On 10 May 2024, the Company announced an equity fundraise to raise £2.1m at a price of 105 pence per ordinary share. It was agreed with one investor that his new ordinary shares subscribed in the equity fundraise would be issued in four tranches, namely 238,095 on 10 May 2024 (£250k), and a further 714,286 ordinary shares being admitted in three subsequent instalments on 10 June ("Second Admission"), 15 July ("Third Admission") and 12 August 2024 ("Fourth Admission"), equating to £750k.

The investor subscribed for a total of £1m of new shares under the equity fundraising, of which £600k has been received to date, including £100k from the Third Admission. The balance of the monies from the Third Admission is expected to be received in due course. As a result of the delay in receipt of funds from the Third Admission, the Company has agreed with the investor that it will delay the Fourth Admission of 238,096 ordinary shares (equating to £250k) until such time that all monies due have been received.

The Company will make a further announcement, as appropriate, when all funds under the Third Admission are received and to provide timing on the Fourth Admission of 238,096 shares.

Committed Credit Facility

The Company announced on 10 May 2024 that it had extended the expiry date of its £7m Committed Credit Facility, entered into in May 2023, from 30 May 2025 to 30 November 2025, on the same terms. The Committed Credit Facility was entered into with a UK-based high net worth investor and current (below 3 per cent) shareholder in the Company.

On 27 June 2024, the Company submitted a draw down request for an initial £1m under the terms of the Committed Credit Facility, and the lender had three days in which to provide Celadon with funding under the draw down request. As at close of business on 9th August 2024, the Company had received £100k from this draw down request and has been advised that the £900k will be payable on completion of a property transaction which has been delayed by a number of months. The Company has had consistent dialogue with the lender since the draw down and the directors of the Company are confident of receiving the remaining draw down proceeds due.

The Board also wish to advise that the Group is in discussions with a small number of potential institutional lenders about entering into substantial longer term debt facilities that would allow the Committed Credit Facility to be refinanced.

Current Cash Position

The Company is managing its cash position tightly, and this has been exacerbated by the delay in receipt of monies from the Third Admission of equity proceeds and the £1m draw down from the Committed Credit Facility.

The Company's cash position as at 9 August 2024 is £48k. This sum is expected to increase shortly once the remaining proceeds of the subscription and the funds due under the draw down are received. As set out in the Company's full year results announcement on 14 May 2024, the Group's going concern over the next 12 months is dependent on receipt of funds under the equity fundraise and the committed credit facility.

James Short, Chief Executive Officer of Celadon, commented:

"Celadon continues to make good operational progress, including the recent supply of our cannabis Active Pharmaceutical Ingredients to UK Specials Manufacturers for supply to UK Private Pain clinics, which is reflected in positive discussions with potential lenders about substantial new, longer term debt facilities.

"Whilst there have been delays in receiving funding, both the investor and lender have re-confirmed their commitments to, and support for, the Company."

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About Celadon Pharmaceuticals Plc

Celadon Pharmaceuticals Plc is a UK-based pharmaceutical company focused on the development, production and sale of breakthrough cannabis-based medicines. Its primary focus is on improving quality of life for chronic pain sufferers, as well as exploring the potential of cannabis-based medicines for other conditions such as autism. Its 100,000 sq. ft UK facility is EU-GMP approved and comprises indoor hydroponic cultivation, proprietary GMP extraction and an analytical and R&D laboratory. Celadon's Home Office licence allows for the commercial supply of its pharmaceutical-grade cannabis product. The Group owns an approved clinical trial using cannabis-based medicinal products to treat chronic pain in the UK. Celadon also has a minority interest in early-stage biopharma Kingdom Therapeutics, which is developing a licensed cannabinoid medicine to treat children with Autism Spectrum Disorder.

For further information please visit our website www.celadonpharma.com

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

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