

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the contents of this document or the action you should take, you should consult a person authorised for the purposes of the Financial Services and Markets Act 2000 (FSMA) who specialises in advising on the acquisition of shares and other securities.

This document comprises a prospectus relating to Cellular Goods PLC (**Company**), prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (**FCA**) made under section 73A of FSMA and approved by the FCA under section 87A of FSMA. This document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules. Applications will be made to the FCA for all of the ordinary shares of £0.001 each in the Company (issued and to be issued pursuant to the Fundraising) to be admitted to the Official List of the United Kingdom Listing Authority by way of a standard listing under Chapter 14 of the Listing Rules and to the London Stock Exchange Plc (**London Stock Exchange**) for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (**Admission**). It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 26 February 2021 (or such later date as may be agreed by the Company, Tennyson Securities and Novum Securities Limited being not later than 8.00 a.m. on 31 March 2021).

The Company and each of the Directors, whose names appear on page 36 of this document, accept responsibility for this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

This prospectus has been approved by the Financial Conduct Authority, as competent authority under Regulation (EU) 2017/1129 (which forms part of domestic law pursuant to the European Union (Withdrawal) Act 2018). The Financial Conduct Authority only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Cellular Goods

CELLULAR GOODS PLC

(incorporated in England and Wales under the company number 11537452 with Legal Entity Identifier 213800IXPX4Z2MKX2U28)

Conditional Placing of 192,000,000 Ordinary Shares at a price of five pence per Ordinary Share
Intermediaries Offer of up to 68,000,000 Ordinary Shares at a price of five pence per Ordinary Share
Admission to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities

Brokers



Novum Securities Limited



Tennyson Securities



PrimaryBid Limited

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY SHAREHOLDERS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISK AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH ANY INVESTMENT IN THE ORDINARY SHARES, AS SET OUT IN THE SECTION ENTITLED "RISK FACTORS" ON PAGES 11 TO 25 OF THIS DOCUMENT.

PROSPECTIVE INVESTORS SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY INVOLVES A SIGNIFICANT DEGREE OF RISK AND THAT, IF CERTAIN OF THE RISKS DESCRIBED IN THIS DOCUMENT OCCUR, INVESTORS MAY FIND THEIR INVESTMENT IS MATERIALLY ADVERSELY AFFECTED.

ACCORDINGLY, AN INVESTMENT IN THE ORDINARY SHARES IS ONLY SUITABLE FOR INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS AND WHO ARE ABLE TO BEAR THE LOSS OF THE WHOLE OR PART OF THEIR INVESTMENT.

Tennyson Securities (a trading name of Shard Capital Partners LLP) (**Tennyson**) and Novum Securities Limited (**Novum**) are both authorised and regulated in the United Kingdom by the FCA and are acting as joint brokers for the Company and for no-one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Tennyson or Novum (as applicable) or for affording advice in relation to the contents of this document or any matters referred to herein. Neither Tennyson nor Novum are responsible for the contents of this document. This does not exclude any responsibilities which either Tennyson or Novum may have under FSMA or the regulatory regime established thereunder.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, ordinary shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the company.

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (**Securities Act**), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa, or any province or territory thereof. Subject to certain exceptions, the Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly, and this document may not be distributed by any means including electronic transmission within, into, in or from the United States, Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa or to as for the account of any national, resident or citizen of the United States or any person resident in Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa. The Ordinary Shares may only be offered or sold in offshore transactions as defined in and in accordance with Regulation S promulgated under the Securities Act. Acquirers of the Ordinary Shares may not offer to sell, pledge or otherwise transfer the Ordinary Shares in the United States, or to any US Person as defined in Regulation S under the Securities Act, including resident corporations, or other entities organised under the laws of the United States, or non-US branches or agencies of such corporations unless such offer, sale, pledge or transfer is registered under the Securities Act, or an exemption from registration is available. The Company does not currently plan to register the Ordinary Shares under the Securities Act. The distribution of this document in or into other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

APPLICATION WILL BE MADE FOR THE ORDINARY SHARES, ISSUED AND TO BE ISSUED PURSUANT TO THE FUNDRAISING, TO BE ADMITTED TO A STANDARD LISTING ON THE OFFICIAL LIST. A STANDARD LISTING WILL AFFORD INVESTORS IN THE COMPANY A LOWER LEVEL OF REGULATORY PROTECTION THAN THAT AFFORDED TO INVESTORS IN COMPANIES WITH A PREMIUM LISTING ON THE OFFICIAL LIST, WHICH ARE SUBJECT TO ADDITIONAL OBLIGATIONS UNDER THE LISTING RULES. IT SHOULD BE NOTED THAT THE FCA WILL NOT HAVE THE AUTHORITY TO (AND WILL NOT) MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE LISTING RULES TO WHICH THE COMPANY IS NOT SUBJECT (SUCH AS THOSE ONLY APPLICABLE TO COMPANIES WITH A PREMIUM LISTING) OR WHICH THE COMPANY HAS INDICATED THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY TO SO COMPLY WITH SUCH RULES.

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SUMMARY

Section A - Introduction and Warnings

THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THE PROSPECTUS. ANY DECISION TO INVEST IN THE SECURITIES SHOULD BE BASED ON CONSIDERATION OF THE PROSPECTUS AS A WHOLE BY THE INVESTOR. AN INVESTOR ACQUIRING ORDINARY SHARES MAY LOSE ALL OR PART OF THEIR INVESTED CAPITAL.

Civil liability attaches to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under national law of a Member State, have to bear the costs of translating the prospectus before the legal proceedings are initiated.

<i>Name of Securities</i>	Ordinary Shares
<i>International Securities Identification Number (ISIN)</i>	GB00BK964W87
<i>Issuer Name</i>	The legal and commercial name of the Company is Cellular Goods PLC.
<i>Issuer Contact Details</i>	Cellular Goods PLC 16 Great Queen Street London WC2B 5DG
<i>Issuer LEI</i>	213800IXPX4Z2MKX2U28
<i>Competent Authority and contact details</i>	Financial Conduct Authority 12 Endeavour Square London E20 1JN
<i>Date of approval of Prospectus</i>	22 February 2021
<i>Consent for Intermediaries</i>	<p>The Company consents to the use of this Prospectus by Intermediaries in connection with the subsequent resale or final placement of securities by Intermediaries. The offer period within which any subsequent resale or final placement of financial securities by Intermediaries can be made, and for which consent is given to Intermediaries to use this document in the United Kingdom from the date of this document and closes at 9.00 p.m. on 22 February 2021 unless closed prior to that date (any such closure to be announced via a Regulatory Information Service Provider).</p> <p>Information on the terms and conditions of any subsequent resale or final placement of securities by Intermediaries is to be provided at the time of the offer by Intermediaries. Any applications made by prospective investors to Intermediaries are subject to the Intermediaries Terms and Conditions.</p>

Section B – Key Information on the Issuer

Who is the issuer of the securities?

Domicile and legal form England, public company limited by shares under the Companies Act 2006

LEI 213800IXPX4Z2MKX2U28

Country of incorporation England

Applicable law in the jurisdiction of incorporation and operation. English law

Principal activities The Company intends to establish a premium high-quality, independently tested and compliant CBD product business targeting the expanding but fragmented CBD sector.

Major shareholders Except for the interests of those persons set out in this paragraph, the Directors are not aware, at the date of this document, of any interest which immediately following Admission would amount to 3% or more of the Company's issued share capital:

Name (and ultimate beneficial owner(s))	Ordinary Shares as at the date of this document	Percentage of Existing Ordinary Shares	Ordinary Shares on Admission	Percentage of Enlarged Share Capital
Durban Holdings Limited (Jonathan Bixby and Mike Edwards)	78,000,000	31.9%	78,000,000	15.5%
Aja Ventures, Inc. (widely held)	30,000,000	12.3%	30,000,000	5.9%
DB Ventures Limited	25,000,000	10.2%	25,000,000	5.0%
John Story	15,000,000	6.1%	15,000,000	3%
Toro Consulting Limited (Jonathan Bixby)	10,500,000	4.3%	10,500,000	2.1%
Paniolo Ventures, Inc. (Brad Roark)	10,000,000	4.1%	21,210,000	4.2%
Lombard Odier Asset Management (Europe) Limited	Nil	Nil	25,000,000	5.0%

Controlling shareholder, if any To the best of the Directors' knowledge, no-one, directly or indirectly, acting jointly, exercises or could exercise control over the Company.

Key managing directors Alexis Oliver Abraham (*Chief Executive Officer*)

Simon Walters (*Finance Director*)
Eric Chang (*Chief Operating Officer*)

Statutory Auditors

PKF Littlejohn LLP

What is the key financial information regarding the issuer?

Table 1: Income statement for non-financial entities (equity securities)

Selected historical financial information for the Company

	Year ended 31 August 2020	Period ended 31 August 2019
Total Revenue	-	-
Operating loss	(329,949)	(77,178)
Net loss	(329,886)	(77,128)

Table 2: Balance sheet for non-financial entities (equity securities)

	As at 31 August 2020	As at 31 August 2019
Total assets	99,052	81,622
Total equity	(83,239)	(55,372)

Table 3: Cash flow statement for non-financial entities (equity securities)

	Year ended 31 August 2020	Period ended 31 August 2019
Relevant net cash flows from operating activities	(186,785)	(52,879)

Pro-forma financial information is not provided because there has been no significant gross change in the financial information between 31 August 2020 and the date of this document.

What are the key risks that are specific to the issuer?

The Company's operations are at an early stage and the Company is reliant on four principal suppliers.

The Company's principal sources of synthetic CBD is imported, and therefore subject to import and export risk, which may be exacerbated by the consignment being CBD.

The production of bio-synthetic CBD is relatively novel, and unexpected issues or quality control problems may arise.

The Covid-19 pandemic may have a negative impact on the business, operations and financial position of the Company.

While the Company's current operations do not require a licence, the Company's future intention is to expand its business to incorporate an end-to-end grown CBD business which will require a licence, the terms of which are set by government in line with wider policy, which may change.

As the Company intends to be an end-to-end business covering both synthetic and grown CBD, the regulatory

environment within which the Company and its suppliers will operate is complex, is subject to change and is open to interpretation.

The Company or third parties on which it relies may become subject to further regulation.

The Company may, in the future, expand the provision of its services into other jurisdictions, and may become subject to competing regulatory requirements.

Acceptance and/or widespread use of CBD or products containing CBD is uncertain.

Medical attitudes to Cannabis and Cannabis-derived products are currently uncertain and may be subject to change.

Section C – Key information on the securities

What are the main features of the securities?

<i>Type, class and ISIN of securities</i>	The securities the subject of the Fundraising and Admission are Ordinary Shares (ISIN GB00BK964W87)
<i>Currency, denomination and par value of securities</i>	The Ordinary Shares are denominated in pounds sterling at a par value of £0.001 each.
<i>Number of securities issued</i>	The Company has 244,750,000 Ordinary Shares in issue and 260,000,000 New Ordinary Shares will be issued conditional on Admission taking place.
<i>Rights attached to the securities</i>	Each Ordinary Share ranks pari passu for voting rights, dividends and return of capital on winding up. Except as disapplied, Shareholders will have pre-emption rights which will generally apply in respect of future share issues for cash. No pre-emption rights exist in respect of future share issues wholly or partly other than for cash.
<i>Seniority of the securities in the event of insolvency</i>	The Ordinary Shares rank behind all debts and liabilities of the Company (secured and unsecured). The Company only has one class of share, which rank pari passu on insolvency.
<i>Details of any restrictions on free transferability of the securities</i>	There are no restrictions in place.
<i>Dividend or payout policy, if any</i>	The Company does not intend to pay dividends in the near future as any earnings during such time are expected to be retained for use in business operations.

Where will the securities be traded?

The securities are subject to an application for admission to trading on a regulated market.

Market(s) on which the securities will be traded, if any London Stock Exchange's Main Market for listed securities.

What are the key risks that are specific to the securities?

The Standard Listing of the Ordinary Shares affords shareholders a lower level of regulatory protection than a

Premium Listing.

The pre-emption rights in the Articles of the Company have been disapplied, any further issues of shares will dilute the percentage ownership of a Shareholder and may adversely affect the value of its Ordinary Shares.

There is currently no market for the Ordinary Shares, notwithstanding the Company's intention to be admitted to trading on the London Stock Exchange. A market for the Ordinary Shares may not develop, which would adversely affect the liquidity and price of the Ordinary Shares.

Shareholders may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable.

Dividend payments on the Ordinary Shares are not guaranteed and the Company does not intend to pay dividends in the foreseeable future.

Section D – Key information on the offer of securities to the public and/or the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

General terms and conditions of the offer

The Placing is for 192,000,000 Placing Shares. The Placing Shares are being issued at the Placing Price of five pence per share.

The Placing is subject to the satisfaction of conditions contained in the Placing Agreement. These conditions include conditions which are customary for transactions of this type (including Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 26 February 2021 (or such later time and/or date as the Company, Tennyson and Novum may agree, being not later than 8:00 a.m. on 31 March 2021)) and the Placing Agreement not having been terminated prior to Admission.

An investor who has applied for Ordinary Shares via Tennyson or Novum shall enter into a placing letter containing the terms on which it subscribes for Ordinary Shares. Certain investors have participated in the Placing via subscription agreements directly with the Company on substantially similar terms. Each investor undertakes to pay the Placing Price for the Placing Shares issued to such investor.

The Company has raised £3,400,000 million (gross) from retail investors through the Intermediaries Offer of 68,000,000 Ordinary Shares at the Placing Price. To the extent that any Intermediaries Offer Shares have been applied for by investors through the Intermediary's platform, such Intermediaries Offer Shares shall be for the account of the Intermediary. The Intermediaries Offer is conditional upon Admission becoming effective on 26 February 2021 or no later than 31 March 2021, and the closing of the Placing at the same time as the Intermediaries Offer (that is, on Admission).

The rights attaching to the New Ordinary Shares will be uniform in all respects and all of the Ordinary Shares will form a single class for all purposes. The Placing, Intermediaries Offer and Admission will not complete unless gross proceeds of £13,000,000 are raised. Neither the Placing nor the Intermediaries Offer will be underwritten.

Expected timetable of the offer

Payment to be received from investors pursuant to the Placing in cleared funds	26 February 2021
Announcement confirming results of Placing	22 February 2021

Admission and commencement of unconditional dealings in Ordinary Shares 26 February 2021

Crediting of Ordinary Shares to be held in uncertificated form to CREST accounts 26 February 2021

Despatch of definitive share certificates for Ordinary Shares in certificated form by no later than 12 March 2021

Details of the admission to trading on a regulated market, if any

Application has been made to the FCA for the Enlarged Share Capital to be admitted to the Standard Listing segment of the Official List and to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

Plan for distribution

The Placing has been offered to investors in the United Kingdom and certain other jurisdictions through the Company's brokers Tennyson and Novum Securities Limited, and, in certain instances, directly by the Company pursuant to subscription letters on substantially similar terms. The Intermediaries Offer has been offered to investors in the United Kingdom through PrimaryBid.

Amount and percentage of dilution resulting from the offer

Investors have conditionally subscribed for New Ordinary Shares at the Placing Price pursuant to the Placing and Intermediaries Offer representing 51.5% of the Enlarged Share Capital, which on Admission will result in the Existing Ordinary Shares being diluted so as to constitute 48.5% of the Enlarged Share Capital.

Estimate of total expenses of the issue and/or offer

£1,161,890 (inclusive of irrecoverable VAT).

Details and amount of estimated expenses charged to the investor

The costs of the Placing and Admission are payable by the Company and Shareholders will not be charged expenses by the Company in respect of the Placing or Admission.

Any expenses, fees or costs incurred by PrimaryBid are for its own account. Prospective investors participating through PrimaryBid should confirm separately whether there are any other fees or expenses that will be applied by PrimaryBid in connection with any application made through the PrimaryBid platform.

Why is this prospectus being produced?

Reasons for offer and admission to trading on a regulated market

The Directors are raising capital to fund the development of the Company's CBD business and allow it to finalise development of and launch its initial product ranges. The Directors consider that a fundraising conducted concurrent with admission of the Company's shares to trading on the Main Market will attract greater investment into the Company and, in the longer term, attract greater opportunities, both for the Company but also from the perspective of investors, who may not be willing or able to invest in a company whose shares are listed on a different securities exchange.

Use of Net Proceeds

Expenses	Estimated amount in first 12 months	Estimated amount in second 12 months	Total in first 24 months
	£	£	£

<i>Product Costs (COGS)</i>	127,878	1,716,558	1,844,436
<i>Operations and Head Office Costs</i>	1,155,367	1,566,882	2,722,250
<i>Marketing Costs</i>	691,941	1,903,862	2,595,833
<i>Development Costs</i>	317,048	517,160	834,208
<i>Working Capital</i>	196,920	(146,531)	50,388
TOTAL	2,489,154	5,557,960	8,047,155

Estimated amount of Net Proceeds £11,838,110

Confirmation whether the offer is underwritten on a firm commitment basis, including details of any uncovered portion Neither the Placing nor the Intermediaries Offer is being underwritten.

Most material conflicts of interest pertaining to the offer or admission to trading, if any There are no material conflicts of interest pertaining to the offer or admission to trading.

RISK FACTORS

The investment detailed in this document may not be suitable for all its recipients and involves a higher than normal degree of risk. Before making an investment decision, prospective investors are advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of the kind described in this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

Before deciding whether to invest in Ordinary Shares, prospective investors should carefully consider the risks described below together with all other information contained in this document.

The risks referred to below are those risks the Company and the Directors consider to be the material risks relating to the Company. The risk factors described below may not be exhaustive. Additional risks and uncertainties relating to the Company that are not currently known to the Directors, or that are currently deemed immaterial, may also have an adverse effect on the Company's business. If this occurs the price of the Ordinary Shares may decline and investors could lose all or part of their investment.

Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares summarised in the section of this document headed "Summary" are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company's operations are at an early stage and the Company is reliant on its principal suppliers

The Company has recently commenced operations and has identified four principal suppliers on which it will be reliant to enable it to produce its product, being Purisys LLC (its Georgia, USA based supplier of synthetic CBD), Lygos Inc. (its California, USA based supplier of synthetic and biosynthetic CBD and CBG), Willow Biosciences Inc. and Demetrix, Inc. (its California, USA based suppliers of bio-synthetic cannabinoids) and Arcania Apothecary Limited (its Somerset, United Kingdom based contract manufacturer which is responsible for production and packaging the Company's products). Should any of these suppliers cease trading or cease to work with the Company, the Company would need to procure alternative suppliers, potentially at short notice, which could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

As the Company expands its product range, the Company will consider its reliance on individual third parties, and will seek to take measures to minimise supplier risk and the resulting potential disruption to its business as appropriate to the business' stage of operations and development.

The Company's principal sources of synthetic CBD are imported, and therefore subject to import and export risk, which may be exacerbated by the consignment being CBD

The Company's principal sources of synthetic CBD are imported into the UK from the Company's suppliers, Purisys LLC, Willow Biosciences Inc., Demetrix, Inc. and Lygos Inc. Therefore the Company, Purisys, Willow and Demetrix are subject to the applicable export (in the case of the United States of America for the suppliers) and import (in the case of the United Kingdom for the Company) regime in each country, which may presently contain, or may in the future incorporate, restrictions on the import and/or export of synthetic CBD. In addition, as large-scale CBD production and transportation across borders is a relatively nascent business, the supply of synthetic CBD may be delayed or disrupted due to differing paperwork or record keeping requirements.

If import or export restrictions are introduced, or if the application of applicable rules and regulations relating to exports and imports are applied inconsistently, the Company's supply chain may be delayed or disrupted. Such disruption could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

To seek to minimise the risk, the Company has identified alternative providers who the Company could engage to provide alternative sources of supply should a material interruption to supply or change in import or export conditions with a view to reducing the potential disruption to the Company's business. Should these suppliers also be based outside of the United Kingdom, the risk would also apply to transactions with such replacement suppliers. In addition, the Company may need to contract with such third parties on short notice and may be unable to secure advantageous commercial terms or supply at a price the Company is willing or able to pay. As a result, even though the Company has identified alternative suppliers, the disruption could still have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects. To seek to mitigate such risk in the short term, the Company intends to establish an inventory of synthetic CBD sufficient to meet its immediate requirements.

The production of bio-synthetic CBD is relatively novel, and unexpected issues or quality control problems may arise

The Company has partnered with leading bio-synthetic CBD producers who have experience and expertise in the synthesis of compounds. However, the synthesis of CBD is relatively novel and therefore may be subject to unexpected issues, delays or quality control problems, which may adversely affect the Company's supply of high quality bio-synthetic CBD. Such disruption could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Covid-19 pandemic may have a negative impact on the business, operations and financial position of the Company

The World Health Organisation designated Covid-19 a Public Health Emergency of International Concern on 30 January 2020. Following this designation, and in response to the significant transmission risks posed by Covid-19, governments in the United Kingdom, Europe and the United States, as well as other major economies, have enacted significant restrictions on the movement of people and the activities they can carry out. As a result, non-essential businesses have been closed in many cases, and a significant number of people are working from home, have been furloughed or made redundant. These actions have had a significant impact on the global economy, with major economies predicting significant contractions in GDP and therefore recessions. These measures have already had and will continue to have an impact on the level of perceived wealth within the economy and therefore the level of discretionary consumer spending, particularly in relation to luxury or non-essential products. The Company's products are targeted at the luxury sector, and therefore may be adversely affected by the contraction in consumer spending as a result of reduced demand for, or pricing pressure on, its products.

In addition, cosmetic product brands and their supply chain have diverted resources and facilities to producing alternative products, such as hand sanitiser, to support the global response to the Covid-19 pandemic. As a result, the suppliers on whom the Company relies may have longer lead times resulting from reduced capacity (due to social distancing and restrictions on movement) or prior demand, and therefore the time to market for the Company's product, or the time to resupply the Company once the product is launched, may be extended, potentially significantly. The longer lead time on products may result in a greater working capital requirement for the Company's operations as, where the Company has longer lead times, it may be required to pay certain sums up front, and the realisation of those costs may be delayed by the longer lead time of the product ordered, and any delay in manufacture and sale of finished products incorporating that raw material. This may reduce the funds available to the business to provide liquidity and enable the Company to invest in its future development.

The Company may face additional costs in instituting and complying with new processes and procedures introduced in response to Covid-19. The Company may be required to undertake, or may voluntarily require its staff and third-party contractors to undertake additional steps, including cleaning, separation of the Company's products and supplies from other products, or other steps that are required or desirable to address the risk presented by Covid-19. The costs of these steps, unless otherwise agreed with the relevant supplier, would be for the account of the Company.

A delay in initial production or in resupply, a reduction in consumer spending or an increased price sensitivity, increased working capital requirements and/or increased costs of the Company's operations could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company will engage with its suppliers and counterparties to understand the impact of Covid-19 on their operations and to ensure government advice and best practice is followed throughout each stage of development of the Company's products, and their transportation through the supply chain and to the end customers. By so doing, the Company anticipates being able to incorporate any challenges presented by Covid-19 into its operational planning and thereby minimise the impact of Covid-19 on its business.

While the Company's current operations do not require a licence, the Company's future intention is to expand its business to incorporate an end-to-end grown CBD business which will require a licence, the terms of which are set by government in line with wider policy, which may change.

For the Company to develop its intended end-to-end grown CBD business, the Company (where it grows its own Hemp) and its suppliers (where the Company procures Hemp from third parties) will be required to hold a licence by the Home Office to grow the plant from which the CBD is subsequently extracted. Currently, the Home Office will only issue licences to grow an approved strain of Hemp (a strain of the Cannabis plant) in the United Kingdom, subject to certain conditions determined in accordance with Home Office policy.

The Company and its suppliers would therefore be reliant upon the Home Office licence to be able to legally carry on the grown CBD business in the future. The grant of licences by the Home Office is not guaranteed, and depends on the Company meeting certain published criteria, as well as wider Home Office policy, each of which may change in the future. The grant by the Home Office of a licence for a set period does not automatically mean that, at renewal, the licence will be renewed or that the licence will not be revoked prior to its expiry.

The Company and its suppliers will be required to work in compliance with the terms of the licence granted, however the interpretation of the requirements of the licence may differ between the Company and its suppliers on the one hand, and the Home Office on the other hand. In such circumstances, the Home Office may consider a breach of the licence terms to have occurred, with potential consequence being the revocation or termination of the licence.

Should the Company or its suppliers be unable to secure a licence to grow Hemp, or to secure renewal of their licences, this could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

As the Company intends to be an end-to-end business covering both synthetic and grown CBD, the regulatory environment within which the Company and its suppliers will operate is complex, is subject to change and is open to interpretation

The Company intends to offer for sale a range of synthetic and (in the long term) grown CBD products. As a result of the Company's business model, to retail such products the Company will be involved in a number of the stages of production, and therefore will be required to comply with the applicable regulatory and licencing regime for each stage of production. This will result in the Company being required to comply with a variety of rules and regulations, which are likely to change over the medium to long term and are or will be subject to interpretation.

In the future, and as part of developing its end-to-end Hemp to CBD market, including growing the Hemp, harvesting, extracting CBD from Hemp, and infusing the CBD into edible and other products, the Company or its suppliers will be required to work within a restrictive licencing regime.

The Company will comply with law and regulation to the extent it applies to the Company's operations, however the Company's interpretation of the applicable law and regulation may differ to that of the applicable regulator or authority. In addition, the Company may become subject to additional regulation, or the interpretation applied by regulators or authorities may change. In such circumstances, the Company may face additional regulatory requirements, or may be considered by authorities or regulators to have been in breach of an applicable requirement.

If it is determined that the Company has breached any regulatory requirements applicable to it, the Company may be subject to penalties, including without limitation civil and criminal penalties, damages, fines, restrictions or prohibitions on the Company's operations. Any such penalties or prohibitions could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company or third parties on which it relies may become subject to further regulation

The Company has structured its business to be compliant with applicable regulation in the United Kingdom. The Company's initial focus is on synthetic CBD and cosmetics products, and therefore the Company will be required to comply with the regulatory regime applicable to cosmetics. The production of synthetic CBD is not currently regulated, but may become subject to additional regulation in the future.

The Company's long-term intention to develop an end-to-end grown CBD business will mean, at the appropriate point, the Company will also be required to comply with the regulatory regime applicable to the growing of Hemp, extraction and sale of CBD. Presently, the growing of Cannabis can only legally be completed in accordance with the terms of a licence issued by the Home Office, however once the CBD has been extracted (in accordance with that licence), and subject to compliance with other applicable law, including the novel foods and medicinal licencing legislation, the provision of CBD or CBD-infused products is not subject to regulation. The Company's products are not marketed as being medicinal in nature, nor are they within the remit of the novel food regime, and therefore currently the retail sale of such products is unregulated provided the products themselves meet the applicable requirements under the EU Cosmetics Regulation or the UK Cosmetics Regulation (as the case may be).

Societal attitudes to CBD and CBD-infused products have shifted significantly in the recent past, and while regulation has been slow to change, it is constantly under scrutiny and the Company believes will change in the near future. There is a risk that the Company or third parties with whom the Company trades or has other business relationships (including partners, customers, suppliers, subcontractors and other parties) may become subject to regulation or, if regulated in the future, breach regulations or lose regulated status which is required for them to carry on their business or provide the services on which the Company relies.

The Company considers that there is no way of predicting the nature of future changes, however such changes may alter the market for CBD or CBD-infused products, and may adversely affect the Company's business or customer demand for the Company's products. Such regulatory change could have a material adverse effect on the ability of the Company to continue to operate or on its business, financial condition, results of operations and/or prospects either in the UK or in other jurisdictions.

The Company may, in the future, expand the provision of its services into other jurisdictions, and may become subject to competing regulatory requirements

The Company's initial market is the United Kingdom, and the Company has focused its efforts to date on establishing a supply chain to enable it to serve customers in the United Kingdom. The Company may, in the future, choose to expand its operations into countries other than the United Kingdom and, in doing so, may become subject to applicable laws and regulation in that jurisdiction. The Company will investigate the regulatory regime applicable in the given jurisdiction prior to entering the market, and will structure its operations so as to comply with the laws in each jurisdiction in which it operates. However, the applicable law or regulation may change (either in the United Kingdom or another relevant jurisdiction) and such change may result in the regulatory regimes becoming incompatible or require the Company to restructure its operations in order to comply with applicable law and regulation. Such regulatory change could have an adverse effect on the ability of the Company to continue to operate or on its business, financial condition, results of operations and/or prospects either in the UK or in other jurisdictions.

Acceptance and/or widespread use of CBD or products containing CBD is uncertain

Currently, there is relatively small use of CBD and CBD-infused products in the retail marketplace in comparison to existing market share of comparable non-CBD containing products. The Company is intending to target the CBD sector through offering both synthetic and, in due course, grown CBD. As the Company's business model relies upon continued demand from consumers for products containing CBD, any reduction in such demand could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

As CBD is gaining wider acceptance, but still remains relatively new to the mainstream market, new products have not been widely adopted. The early stage of the market for CBD and CBD-containing products results in an uncertainty as to the ultimate size of the market and therefore the demand for the Company's products. A lack of expansion in consumer demand for the products, or a contraction of such demand, could adversely impact the Company's operations, strategies, and profitability.

Medical attitudes to Cannabis and Cannabis derived products are currently uncertain and may be subject to change

The Company is aware that significant consideration is being given to the potential medical applications of Cannabis and Cannabis-derived products in the United Kingdom and worldwide, however that no consensus amongst medical professionals has been reached to the potential benefits and concerns connected with Cannabis or Cannabis-derived products, including CBD. Such consensus will take time to build and will be affected by a wide range of factors which may influence or inform the attitude of medical professionals to Cannabis and Cannabis derived products in the short, medium and long term. If the consensus of medical professionals changes from uncertain to identifying areas of concern, it may have a significant effect on the Company's operations, strategies, and profitability, and on the ability of the Company to continue to operate or on its business, financial condition, results of operations and/or prospects either in the UK or in other jurisdictions.

The Company's quality control systems may prove inadequate, and the Company may have to issue recalls

The Company's initial product offerings will incorporate synthetic CBD, which will be sourced from trusted and reputable suppliers. In the long term, the Company intends to offer products derived from high-quality Hemp which is processed appropriately to extract the CBD, and to infuse that CBD into products for retail sale. The Company will conduct some of these stages itself, and will outsource other parts of the process to selected partners. The Company has engaged two testing laboratories to conduct sample tests on the Company's products (both during their production but also of the final end product), and is committed to ensuring that the products meet the high standard the Company expects. The Company will be testing the CBD and end-products to ensure that they comply with applicable law and regulation as to the content, in particular to ensure compliance with the Misuse of Drugs Act 1971 and Misuse of Drugs Regulations 2001.

The Company will achieve this through its own internal quality control processes, those of its suppliers, and the sample testing by external laboratories. However, should the Company's or its suppliers' quality control processes be inadequate or fail, and the Company's products suffer issues such as defects, contamination, unintended side effects or interactions with other substances, labelling of the product or safety of the product or its packaging, the Company may be required to conduct a recall of its products. A recall of the Company's products would be costly to the Company and could damage the Company's brands and consumer trust in its products, along with incurring a risk of legal proceedings from affected consumers and the requirement to issue a refund to the consumer. The Company may not be able to replace any lost sales or the margin from them, while also requiring significant time and effort from the Company. Such actions would have a significant effect on the Company's operations, strategies and profitability, and on the ability of the Company to continue to operate or on its business, financial condition, results of operations and/or prospects either in the UK or in other jurisdictions. In addition, any such recall could adversely affect the Company's standing with regulators or authorities, who may increase scrutiny of the Company's activities and further affect the Company's operations and prospects.

The Company's products are sold directly to consumers, and therefore the Company is at risk of product liability claims

The Company intends to ensure that its products are of the highest standard, however the Company cannot preclude the possibility that products sold by the Company could have unintended or long-term side effects, particularly side effects that are not known at the date of sale, given the nascent stage of the CBD market and the current status of medical research on the benefits of and issues arising from CBD. The Company could therefore be at risk of product liability claims in the future from users of its products. Any such claims would have a significant effect on the Company's operations, strategies and profitability, and on the ability of the Company to continue to operate or on its business, financial condition, results of operations and/or prospects could adversely affect the Company's standing with regulators or authorities, who may increase scrutiny of the Company's activities and further affect the Company's operations and prospects.

Banks may not provide banking services, or may cut off banking services, to businesses that provide Cannabis and Cannabis-derived related products

The Company is currently focussed on synthetic CBD but intends, in the future, to develop an end-to-end, licensed grown CBD business. While the Company will structure its operations to be compliant with applicable law and

regulations, banks and other financial institutions may refuse to provide bank accounts and other banking services to companies which engage in the Cannabis or CBD sector for a number of reasons, such as perceived compliance risks or costs. If this is the case, the Company may have and may continue to have difficulty in finding banks willing to provide it with bank accounts and other banking services, which could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

To date, the Company has not experienced any difficulty in securing banking services, and considers this risk may be reducing over time as CBD becomes more understood and accepted. In addition, the Company's approach in designing a compliant, transparent business model has enabled and will continue to enable the Company to demonstrate a compliance-centric approach to operations. The Company considers that this approach will provide the Company with an advantage in securing banking services.

Restrictions in advertising the Company's services may adversely affect the number of customer sign-ups

The Company's activities will be reliant on customers purchasing the Company's products, either on a one-off basis or by subscribing for regular deliveries of its products. The Company anticipates that it will need to undertake substantial marketing in the early stages of the Company's development to secure brand awareness and a customer base.

The Company anticipates that the majority, if not all, of its advertising will be conducted on web-based properties such as major social media channels and websites. The Company is aware that Facebook, Google and Instagram have policies and procedures which limit the advertising that can be made through their platforms. These restrictions may limit the Company's ability to carry out advertising in particular jurisdictions or at all. There is no guarantee that the Company's activities will be correctly categorised or allowed to advertise on such web properties, or to utilise email distribution services. In addition, should any other companies follow suit, the effect may be compounded and the Company may be required to find alternative advertising media to reach potential users.

Any restriction, whether temporary or permanent, on the advertising available to the Company could negatively affect the number of customer sign-ups, and have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company has devised its business models based on known and expected requirements, which may change

The Company's business model is based on a number of assumptions which are predicated on the current market and extrapolated for anticipated change. Should these factors be materially different from the assumptions in the Company's business model including, but not limited to, as a result of ongoing disruption from Covid-19 and measures adopted to reduce its spread and long-term impact, this may have a material impact on the financial position, opportunities and prospects of the Company, and by extension, on its share price.

The Company's operations may be materially and adversely affected by a lack of customer take-up

It is intended that the Company's revenues will derive from its retail activities, both through a web presence and partnerships with physical retail stores, and subscription offerings. If customer take-up is not as high as anticipated, the Company will have to determine whether or not to invest further in its retail operations or partnerships or to make changes to its products, pricing and/or marketing strategy to increase user growth. If user take-up is lower than anticipated, revenue will be lower and the Company may not be able to take advantage of the economies of scale it anticipates. A slowdown of the implementation of the Company's strategy could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company's operations will be dependent on the Company keeping its operations current in the face of significant and continued change and ensuring sufficient availability to the Company

The CBD product market, and the demand for CBD products, are characterised by increased awareness and developing consumer attitudes to CBD and CBD infused products. Changing customer requirements and the introduction of new products or enhancements which may render the Company's products obsolete, unmarketable or competitively impaired and may exert downward pressures on the pricing of existing products. It is critical to the success of the Company to be able to anticipate changes in the market or in consumer requirements and to

successfully develop and introduce new, enhanced and competitive products on a timely basis to address such changes.

To remain competitive, the Company will continue to invest its product offerings. Should there be new developments in the market, or should competitors introduce new products the Company has not anticipated, the Company recognises it may have to expend capital to introduce new products, the success of which is not guaranteed.

These factors may place excessive strain on the Company's capital resources which may adversely impact on the revenues and profitability of the Company or the Company's ability to achieve its objectives. The Company cannot give assurances that it will on a timely basis successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhancing existing products by others, or changing customer requirements, will not render the Company's products obsolete. The Company's inability to develop products that are competitive in nature and price and that meet customer needs could have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

The Company may be unable to protect or keep confidential its intellectual property rights, including trade secrets

The Company has incurred and will continue to incur time and expense in establishing and refining its operations and its product range. In so doing, the Company will develop its intellectual property, including trade secrets. In order to commercialise its intellectual property, it may be required to share such intellectual property, with its employees and contractors, and with third parties it engages to perform services. In so doing, there is a risk that the Company's intellectual property is leaked or misused. Such leak or misuse could provide a competitor an insight into the Company's operations and processes which could provide an advantage to that competitor in competing with the Company, and therefore could have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

The Company's operational and future prospects may be adversely affected by future market entrants, whether in the CBD sector or other competing sectors

As the CBD sector develops, the directors anticipate that additional competitors will enter either the CBD market, or a competing market. New entrants to either market could include an existing partner or supplier, who become a competitor to, rather than partner of or supplier to, the Company. There can be no guarantee that the Company's current competitors or new entrants to the market or a competing market will not bring superior product offerings to the market or equivalent products at a lower price which may have an adverse effect on the market for the Company's products and therefore the Company's business. Such companies may also have greater financial and marketing resources than the Company. Even if the Company is able to compete successfully, it may be forced to make changes to one or more of its products in order to respond to the changing competitive environment which may impact negatively on the Company's financial performance.

These factors may prevent the Company from being able to charge appropriate prices or may reduce the market share the Company is able to capture through its operations. Unless the market for CBD and CBD-containing products expands at a higher rate than the increase in number of providers, the Company's customer base may decrease, and this may have a dilutive effect on the Company's profit. The Company will focus its marketing resources in the United Kingdom. This may enable its competitors to develop and build brand loyalty in other parts of the world, where the Company has no presence, and therefore the Company may receive fewer sales from such market. Such reduction in sales would have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

The Company's, and its suppliers', operations may be affected by environmental, health and safety laws

The Company is subject to environmental and health and safety laws and regulations in the United Kingdom and, should it expand outside of the United Kingdom, the laws and regulations of each relevant jurisdiction into which it expands. Equally, the Company's suppliers would be subject to the environmental and health and safety laws and regulations in the jurisdiction in which they operate. Environmental and health and safety laws and regulations cover a number of different matters, including pollution, waste disposal, water discharge, contamination, and the health and safety of the Company's or the supplier's staff.

Should the Company or its suppliers breach, or be alleged to have breached, environmental or health and safety laws, the Company may be held liable for the breach, and be obliged to pay penalties and the cost of remediating any issues (if applicable). Any such costs or penalties, or the negative publicity or public perception from the breach, could have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

The Company's reputation or brands may be damaged by its own actions or the actions of unrelated third parties, and the Company may be required to take action against a third party or defend a third party claim

The Directors believe that the reputation and the quality of the Company's brands will, over time, play an increasingly important role in the success of the Company. Further, the Directors believe that the Company's brands have and will continue to be built on the high quality of its product offering and customer service. Therefore any incident that negatively affects customer loyalty towards the Company's brands could materially adversely affect the Company's business, revenue, financial condition, profitability, prospects and results of operations. The Company's brands may be negatively affected by any negative publicity, regardless of accuracy, or whether it relates to the Company or other participators in the CBD sector. This includes any negative commentary on social media platforms, including blogs, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested parties.

Furthermore, the Company may identify third parties who have infringed its intellectual property, or alternatively face allegations that it has infringed the intellectual property of third parties which may result in litigation between the parties. Such litigation (and in the case of an allegation from a third party, whether or not it has any merit), would necessarily require the Company to devote time and attention to either pursuing or defending the matter (as appropriate), and would likely require the Company to incur costs in so doing. Should the Company be found to have infringed the intellectual property rights of a third party, the Company may be liable to the third party for damages and their legal fees and expenses. Any claims could therefore have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

The Company may not be able to achieve its strategic aims

The value of an investment in the Company is dependent on the Company achieving its strategic aims. While the Directors are optimistic about the prospects for the Company, there is no certainty that it will be capable of achieving its strategy or the anticipated revenues or growth or that it will ultimately become profitable on a sustainable basis. The Company's future operating results will be highly dependent upon how well it manages its planned expansion strategy and the timeframe within which that strategy is executed.

The Company is reliant on third parties meeting their obligations to the Company

The Company and its management are reliant on the expertise and experience of its core partners. The Company has outsourced parts of its operations to third parties, and is therefore reliant upon those third parties and their equipment and expertise to carry on its business. Consequently, the Company may be exposed to risks should its partners fail to perform their obligations to the Company in compliance with the Company's agreement with the relevant party.

Where the Company is reliant upon on third parties, including payment processing providers, laboratories, production and packaging suppliers, and distribution networks, there can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships or failure to engage contractors could be detrimental to the future business, operating results and/or profitability of the Company. In certain circumstances, the Company may be liable for the acts or omissions of its partners. If a third party pursues claims against the Company as a result of the acts or omissions of the Company's partners, the Company's ability to recover from such parties may be limited.

There is a risk that parties with whom the Company trades or has other business relationships (including partners, customers, suppliers, subcontractors and other parties) may become insolvent or their circumstances may change. This may be as a result of general economic conditions or factors specific to that company. If a party with whom the Company trades becomes insolvent or if its circumstances change, this could have an adverse impact on the revenues and profitability of the Company, and the Company's product offering may be suspended while alternative

solutions are put in place. This suspension would mean the Company's customers would not be able to purchase products from the Company until such time as the Company has implemented an alternative.

The Company will be reliant on certain key systems, the failure of which could cause significant disruption and interruption to the Company's services

The Company's sales to consumers are reliant on the Company being able to communicate its product offering through its website, and therefore it is reliant on technology and services provided by third parties. The Company is therefore exposed to risk if its suppliers or its own systems experience any form of damage, interruption or failure. Any malfunctioning of the Company's technology and systems, or those of key third parties, even for a short period of time, could result in a lack of confidence in the Company's product offering and customer service, with a consequential material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

Although the Company intends to implement prudent measures to ensure continued availability of the Company's website, the Company's systems will always be vulnerable to damage or interruption from events including but not limited to:

- natural disasters;
- power loss;
- telecommunication failures;
- software failures or viruses;
- computer hacking activities such as DDoS attacks; and
- acts of war or terrorism.

Any interruption in the availability of the Company's website, back office infrastructure or telephone systems could create a business interruption and a large volume of customer complaints. Should any of these events occur, the Company's operations may be materially and adversely affected.

The Company, or a supplier on which it relies, may suffer a data security breach

The Company will operate a website through which it will make available to consumers its range of products. When a consumer places an order through the Company's website, the consumer will register for an account with the Company, provide the personal information required for the Company to complete the order (such as name and address) and enter payment details to pay for the products being ordered. The Company will necessarily collect and retain certain information for the purpose of fulfilling the order but will rely on a third party payment processor to process the payment for the order.

Should the Company's systems, or those of a third party on which the website or order process relies, suffer a security breach, personal data relating to the Company's users, their order history or transactions with the Company may be accessed by unauthorised parties. In such circumstances the Company may be liable to third parties for the data breach, and may be the subject of regulatory scrutiny and enforcement action. Such a data breach may also affect the trust placed by consumers in the Company. Should a data breach occur, it could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company may not be able to secure adequate insurance coverage on terms or for a cost which are acceptable to the Company

The Company intends to take a prudent approach to procuring insurance for the Company's business. However, given the relative novelty of the CBD sector and the perceived risks faced by businesses operating in the sector, such insurance may not be available, uneconomical for the Company, or the nature or level available from insurers may be insufficient to provide adequate insurance cover.

The occurrence of an event that is not covered in whole or in part by insurance could have a material adverse effect on the Company. In addition, insurance may not be available in all jurisdictions, and in the event of a claim, the Company may have difficulty recovering the relevant amounts from insurers should settlement not be forthcoming,

and the Company may be obliged to take legal action against such insurer which could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company's operations may be materially and adversely affected as a result of constitutional change in the United Kingdom

The UK has now formally left the European Union. There are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including *inter alia*, the UK's financial regulation and the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments will impact the economy in the United Kingdom and the future growth of its various industries, and on levels of investor activity and confidence on market performance and on exchange rates. There is also a risk that the vote by the United Kingdom to leave could result in other member states reconsidering their respective memberships in the European Union. Although it is not possible to predict fully the effects of the exit of the United Kingdom from the European Union, any of these risks, taken singularly or in the aggregate, could have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

The Company may be liable to taxation in more than one jurisdiction

The Directors intend that the Company will expand its operations following Admission into additional overseas jurisdictions, and consequently it will need to ensure that it is compliant with the tax registration requirements and tax filing requirements in not only the UK, but also in those overseas jurisdictions.

There can be no certainty that the current taxation regime in the UK or in overseas jurisdictions within which the Company plans to operate in the future will remain in force or that the current levels of corporation taxation will remain unchanged. There can be no assurance that there will be no amendment to the existing taxation laws applicable to the Company, which may have a material adverse effect on the Company's financial position.

RISKS RELATING TO THE COMPANY AND ITS BUSINESS STRATEGY

The Company is a newly-formed entity with no operating history and no historical revenues

The Company was incorporated on 25 August 2018 and to date has been establishing its business. The Company lacks an established operating history and therefore investors have no basis on which to evaluate the Company's ability to achieve its objective of operating a business. The Company's substantive operations will only commence following completion of the Fundraising, Admission and receipt of the Net Proceeds.

The Company is a start-up business entering a relatively new market. The Company will compete with established competitors who may have more resources and a more recognisable brand presence in the market. The Directors believe that they have the experience and connections to ensure that the business is able to compete with established rivals and take advantages market opportunities they have identified.

The Company may be subject to regulatory compliance risk

The Company, at the point it establishes an end-to-end grown CBD business, will require a Home Office licence in order to carry out the growth of Cannabis plants to produce CBD, and will be required to comply with the terms of such licence, which may be onerous. The Company is currently focussing its activities on synthetic CBD in the United Kingdom and has designed its product offering to be compliant with applicable law and regulation. Any future regulatory changes may potentially restrict the operations of the Company, impose increased compliance costs, reduce investment returns or increase associated fees, increase corporate governance/ supervision costs, reduce the competitiveness of any business of the Company, reduce the ability of the Company to hire and retain key personnel or impose restrictions on whether individuals may be appointed or retained as directors of the Company and impose other restrictions and obligations which could adversely affect the Company's profitability.

It is possible that any regulations would include restrictions on foreign ownership of companies and assets, restriction on participation in certain activities and in certain industries, as well as restrictions to the grant of any licences or permits required for operation of the Company. Changes in legislation or regulation may affect:

- the grant of any necessary licences or permits;
- pricing structures which could be utilised by the Company;

- taxes, duties and fees applicable to the Company; and
- environmental, safety and health standards which the Company could be obliged to adhere to.

Whilst the Company would aim to be aware of any prospective changes in any relevant sectors and to comply with such changes as required, there can be no assurances that this will be possible. The Company may be adversely affected by variations of any regulations under which it operates.

The Company may be unable to hire or retain personnel required to support the Company

The Company intends to be a CBD and CBD-infused products business incorporating both synthetic and, in the long term after developing its end-to-end grown CBD business, grown CBD. There can be no assurance that the Company will be able to hire or retain experienced, qualified employees to carry out the Company's strategy.

It is important that the Company is able to attract and retain appropriately qualified individuals, both for the growth of the Cannabis plant, but also the extraction of CBD and its infusion into products. The Company will seek highly qualified staff with an appropriate background. The Company recognises that the individuals it hopes to be able to attract and retain may either not be readily available in the market or may be in substantial demand and that this may pose a risk to the Company's business plan, operations, trading performance and prospects, with a consequential effect on the Company's share price.

The Company is particularly aware that the CBD sector is fast moving and staff skilled and experienced in the sector are in short supply. As a consequence the Company may have difficulty securing the services of and retaining long-term staff as competition from other companies in this and connected fields is high. If the Company is unable to secure the services of and retain long-term staff, this may have a material impact on the development of the Company's technology platform and consequently its financial position, opportunities and prospects of the Company, and by extension, on its share price.

The Company's risk management policies and procedures may prove inadequate

The policies and procedure for managing market, regulatory and operational risk that may be utilised by the Company following commencement of the business may prove ineffective. Some of the Company's methods for managing risk may be based upon observations of historical market behaviour, and statistical techniques are applied to these observations to arrive at quantifications of its potential risk exposures. However, these methods may not accurately quantify the Company's risk exposures, especially in situations that cannot be identified based on its historical data. In particular, if the Company enter new lines of business, historical data may be incomplete. Following the global financial and economic crisis, models and techniques used to predict future conditions, behaviours and valuations have become less effective. As additional information becomes available, additional provisions may need to be made.

If circumstances arise whereby the Company did not identify, anticipate or correctly evaluate certain risks in developing its statistical models, losses could be greater than the maximum losses envisaged under its risk management system. In addition, certain risks may not be accurately quantified by risk management systems. Material deficiencies in risk management or other internal control policies or procedures may result in significant market, regulatory or operational risk, which may in turn have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

RISK FACTORS RELATING TO THE COMPANY'S AREAS OF OPERATION

The Board's initial geographical focus will be on the United Kingdom due to the experience of the Directors in these countries and the opportunity the directors consider is available to set-up profitable operations in each country.

Operating in other jurisdictions may expose it to considerations or risks associated with companies operating in such jurisdictions, including but not limited to: regulatory and political uncertainty; tariffs, trade barriers and regulations related to customs and import/export matters; international tax issues, such as tax law changes and variations in tax laws; cultural and language differences; rules and regulations on currency conversion or corporate withholding taxes on individuals; currency fluctuations and exchange controls; employment regulations; crime, strikes, riots, civil disturbances, terrorist attacks and wars; and deterioration of relevant political relations. Any exposure to such risks due to the countries in which the Company operates could negatively impact the Company's operations.

The Company will consider opportunities in these and other jurisdictions, parts of which are not as politically or financially secure as developed markets. Future growth of any company operating in such countries is dependent on political, economic, regulatory and social conditions in the relevant countries.

Any deterioration of the global economic environment, particularly in any areas relevant to the Company's operations, could have a material adverse effect on the Company's business, results of operations or financial condition. In addition, such conditions may affect the Company's ability to access additional equity funding, capital markets and to obtain credit on favourable terms.

RISKS RELATING TO THE ORDINARY SHARES

The Standard Listing of the Ordinary Shares affords shareholders a lower level of regulatory protection than a Premium Listing

A Standard Listing affords shareholders in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing will not permit the Company to gain a FTSE indexation, which may impact the valuation of the Ordinary Shares.

Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section of this document entitled "Consequences of a Standard Listing" on page 26 of this document. Shareholders should note that as noted in that section, Chapter 10 of the Listing Rules does not apply to the Company and as such, the Company is not required to seek Shareholder approval for an acquisition under this Chapter (although it may be required to do so for the purposes of facilitating the financing arrangements or for other legal or regulatory reasons).

The pre-emption rights in the Articles of the Company have been dis-applied, so any further issues of shares will dilute the percentage ownership of a Shareholder and may adversely affect the value of its Ordinary Shares

The Directors have been generally authorised to issue Ordinary Shares, or grant rights to subscribe for, or convert any security into, Ordinary Shares up to a maximum aggregate nominal value of £500,000 on a non-pre-emptive basis. If the Company does offer its Ordinary Shares as consideration in the future, depending on the number of Ordinary Shares offered and the value of such Ordinary Shares at the time, the issuance of such Ordinary Shares could materially reduce the percentage ownership represented by the holders of Ordinary Shares in the Company and also dilute the value of Ordinary Shares held by such Shareholders at the time. If the issue of shares results in a large shareholder, that shareholder may be able to exert significant influence in the Company. The pre-emption rights contained in the Articles have also been disapplied in relation to the issue of new Ordinary Shares for cash pursuant to the Fundraising and subsequently. See paragraph 4.17 of Part VII: Additional Information for further details. The disapplication of pre-emption rights could cause a Shareholder's percentage ownership in the Company to be reduced and the issuance of new Ordinary Shares, or, as the case may be, other equity securities could also dilute the value of Ordinary Shares held by such Shareholder.

The Company may be unable or unwilling to transition to a Premium Listing in the future

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules. There can be no guarantee that the Company will ever meet such eligibility criteria or that a transition to a Premium Listing will be achieved. If the Company does not achieve a Premium Listing, the Company will not be obliged to comply with the higher standards of corporate governance or other requirements which it would be subject to upon achieving a Premium Listing and, for as long as the Company continues to have a Standard Listing, it will be required to continue to comply with the lesser standards applicable to a company with a Standard Listing. This would include where the Company could be operating a substantial business but would not need to comply with such higher standards. In addition, an inability to achieve a Premium Listing will prohibit the Company from gaining a FTSE indexation and may have an adverse effect on the valuation of the Ordinary Shares. Further details regarding the difference in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 26 of this document.

Alternatively, in addition to or in lieu of seeking a Premium Listing, the Company may determine to retain a Standard Listing or to seek a listing on another stock exchange, which may not have standards or corporate governance

comparable to those required by a Premium Listing or which Shareholders may otherwise consider to be less attractive or convenient.

There is currently no market for the Ordinary Shares, notwithstanding the Company's intention to be admitted to trading on the London Stock Exchange. A market for the Ordinary Shares may not develop, which would adversely affect the liquidity and price of the Ordinary Shares

There is currently no market for the Ordinary Shares. Therefore, investors cannot benefit from information about prior market history when making their decision to invest. The price of the Ordinary Shares after the Fundraising also can vary due to a number of factors, including but not limited to, general economic conditions and forecasts, the Company's general business condition and the release of its financial reports. Although the Company's current intention is that its securities should continue to trade on the London Stock Exchange, it cannot assure investors that it will always do so. In addition, an active trading market for the Ordinary Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless a market can be established and maintained, and if the Company subsequently obtains a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline.

Shareholders may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable

Investments in Ordinary Shares may be relatively illiquid for as long as the Company holds a Standard Listing. There may be a limited number of Shareholders and there may be infrequent trading in the Ordinary Shares on the London Stock Exchange and volatile Ordinary Share price movements. Shareholders should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market for the Ordinary Shares may fall below the Placing Price.

Dividend payments on the Ordinary Shares are not guaranteed and the Company does not intend to pay dividends in the foreseeable future

To the extent the Company intends to pay dividends on the Ordinary Shares, it will pay such dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate and in accordance with applicable law. Payments of such dividends will be dependent on performance of the Company's business. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any. The Company does not expect to pay dividends in the foreseeable future.

Fluctuations and volatility in the price of Ordinary Shares

Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Company and some which affect listed companies generally, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic, political or regulatory conditions, overall market or sector sentiment, legislative changes in the Company's sector and other events and factors outside of the Company's control.

The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Ordinary Shares are set out in the Articles and are governed by English law. These rights may differ from the rights of shareholders in non-UK corporations. An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. Three of the Directors are residents of Canada. Consequently, it may not be possible for an Overseas Shareholder to effect service of a process upon the Directors within the Overseas Shareholder's country of residence or to enforce, against the Directors, judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under the country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or

any judgments under the securities law of countries other than the UK against the Directors who are residents of the UK, Canada or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

RISKS RELATING TO THE COMPANY'S RELATIONSHIP WITH THE DIRECTORS AND CONFLICTS OF INTEREST

The Directors will allocate their time to other businesses leading to potential conflicts of interest in their determination as to how much time to devote to the Company's affairs, which could have a negative impact on the Company's ability to deliver its business plan

The Company's Directors are required to commit such time as is necessary for them to fulfil their duties to the Company's affairs, which could create a conflict of interest when allocating their time between the Company's operations and their other commitments. The Directors are engaged in other business endeavours. If the Directors' other business affairs require them to devote more substantial amounts of time to such affairs, it could limit their ability to devote time to the Company's affairs and could have a negative impact on the Company's ability to deliver the business plan.

GENERAL TRANSACTION RISK & RISKS ASSOCIATED WITH A STANDARD LISTING

Although the Company has no history of trading and no current trading activities, the New Ordinary Shares will be issued at a premium to the net asset value of the Ordinary Shares

The New Ordinary Shares are being issued at the Placing Price of five pence per share. The estimated net asset value post the Fundraising will be approximately 2.4 pence per share. The premium to net asset value of approximately 2.6 pence per share places an intangible value on the strategy proposed by the Board and the human capital contained in the Board, as well as reflecting the costs incurred in the Fundraising and Admission. The initial investors who financed the Company at the earlier stages in its development have subscribed for Ordinary Shares at lower prices per Ordinary Share than the Placing Price and will hold 48.5% of the Enlarged Share Capital. There can be no guarantee that the Ordinary Shares will be valued on the same basis used for the Fundraising following Admission and the price of the Ordinary Shares may fall.

The cost of the Company in complying with its continuing obligations under the Listing Rules, Prospectus Regulation Rules and Disclosure and Transparency Rules will be financially material

The cost of the Company in complying with its continuing obligations under the Listing Rules, Prospectus Regulation Rules and Disclosure and Transparency rules will be financially material due to the Company's relatively small size on Admission.

The listing of the Company's securities may be cancelled if the Company no longer satisfies its continuing obligations under the Listing Rules, which includes that a sufficient number of Ordinary Shares are in public hands, as defined in the Listing Rules, at all times.

RISKS RELATING TO TAXATION

Taxation of returns from assets located outside the UK may reduce any net return to Shareholders

It is possible that any return the Company receives from any assets, company or business which the Company acquires and which is or are established outside the UK may be reduced by irrecoverable foreign taxes and this may reduce any net return derived by Shareholders from a shareholding in the Company.

Changes in tax law may reduce any net returns for Shareholders

The tax treatment of holders of Ordinary Shares issued by the Company, any special purpose vehicle that the Company may establish and any company which the Company may acquire are all subject to changes in tax laws or practices or in interpretation of the law in the UK or any other relevant jurisdiction. Any such change may reduce any net return derived by Shareholders from an investment in the Company.

There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner

It is intended that the Company will structure its operations to maximise returns for Shareholders in as fiscally efficient a manner as practicable. The Company has made certain assumptions regarding taxation. However, if these assumptions cannot be borne out in practice, taxes may be imposed with respect to any of the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This will alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). Any change in laws or tax authority practices or interpretation of the law could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage to the payment of, at least in the short to medium-term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns to Shareholders.

The risk factors listed above set out the material risks and uncertainties currently known to the Directors but do not necessarily comprise all of the risks to which the Company is exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in the market and/or economic conditions and in legal, accounting, regulatory and tax requirements. There may be additional risks that the Directors do not currently consider to be material or of which they are currently unaware.

If any of the risks referred to above materialise, the Company's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.

CONSEQUENCES OF A STANDARD LISTING

Application will be made for the Ordinary Shares (issued and to be issued pursuant to the Fundraising) to be admitted to a listing on the Standard Listing segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings, and for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

The Company's Ordinary Shares will be listed under Chapter 14 of the Listing Rules (Standard Listing (shares)) and as a consequence a significant number of the Listing Rules will not apply to the Company. Shareholders will therefore not receive the full protection of the Listing Rules associated with a Premium Listing.

The Company will comply with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules, as required by the UK Listing Authority.

An applicant that is applying for a Standard Listing of equity securities must comply with all the requirements listed in Chapters 2 and 14 of the Listing Rules, which specify the requirements for listing for all securities. Where an application is made for the admission to the Official List of a class of shares, at least 25% of the shares of the class must be distributed to the public. Listing Rule 14.3 sets out the continuing obligations applicable to companies with a Standard Listing and requires that such companies' listed equity shares be admitted to trading on a regulated market at all times. Such companies must have at least 25% of the shares of any listed class in public hands at all times and the FCA must be notified as soon as possible if these holdings fall below that level.

The continuing obligations under Chapter 14 also include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through to the National Storage Mechanism, and related notification to an RIS;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- notifying an RIS in relation to changes to equity and debt capital; and
- compliance with, in particular, Chapters 4, 5 and 6 of the Disclosure and Transparency Rules.

As a company with a Standard Listing, the Company will, following Admission, not be required to comply with, *inter alia*, the provisions of Chapters 6 and 8 to 13 of the Listing Rules, which set out more onerous requirements for issuers with a Premium Listing of equity securities. These include provisions relating to certain listing principles, the requirement to appoint a sponsor, various continuing obligations, significant transactions, related party transactions, dealings in own securities and treasury shares and contents of circulars.

The Company notes that in the case of an acquisition, the reverse takeover provisions set out in Listing Rule 5.6 may be triggered. The Company does not currently anticipate making any acquisitions.

The Company will comply with Chapter 5 of the Listing Rules (Suspending, cancelling and restoring listing and reverse takeovers). If completing a Reverse Takeover, the Company's existing Standard Listing will be cancelled and the Company may apply for a new Standard Listing or a listing on another appropriate securities market or stock exchange for the ordinary share capital of the Company. The granting of a new Standard Listing or a listing on another appropriate securities market or stock exchange following a Reverse Takeover cannot be certain. The Company may have its listing suspended in the event of a Reverse Takeover. These situations are described further in the "Risk Factors" section of this document.

On announcing a Reverse Takeover (or in the event of a leak of information prior to announcement), the Ordinary Shares would typically be suspended unless sufficient information was available to Shareholders and the wider market in the form of an approved new prospectus. This will be discussed with the FCA at the time. During the period of suspension, the Company would remain subject to the continuing obligations of a Standard Listing.

As mentioned above, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities, which are only applicable for companies with a Premium Listing;
- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company does not have and does not intend to appoint such a sponsor in connection with its publication of this document, the Fundraising or Admission;
- Chapter 9 of the Listing Rules regarding continuous obligations for a company with a Premium Listing, which includes, inter alia, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10% of market value, notifications and contents of financial information that are not applicable to the Company;
- Chapter 10 of the Listing Rules relating to significant transactions meaning any subsequent additional acquisitions by the Company, will not require shareholder approval under this Chapter (although such approval may be required for the purposes of facilitating the financing arrangements or for other legal or regulatory reasons);
- Chapter 11 of the Listing Rules regarding related party transactions. However, the Company is obliged to comply with DTR7.3 relating to related party transactions. DTR7.3 requires the Company to establish and maintain adequate procedures, systems and controls to enable it to assess whether a transaction or arrangement with a related party is in the ordinary course of business and has been concluded on normal market terms, and to (i) make an announcement (ii) gain board approval and (iii) ensure the related party or their associates do not vote in any resolution, relating to material related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

IT SHOULD BE NOTED THAT THE UK LISTING AUTHORITY WILL NOT HAVE THE AUTHORITY TO (AND WILL NOT) MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE LISTING RULES WHICH THE COMPANY HAS INDICATED IN THIS DOCUMENT THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY TO SO COMPLY. HOWEVER THE FCA WOULD BE ABLE TO IMPOSE SANCTIONS FOR NON-COMPLIANCE WHERE THE STATEMENTS REGARDING COMPLIANCE IN THIS DOCUMENT ARE THEMSELVES MISLEADING, FALSE OR DECEPTIVE.

IMPORTANT INFORMATION, PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND NOTICES TO INVESTORS

In deciding whether or not to purchase Ordinary Shares, prospective purchasers should rely only on their own examination of the Company and/or the financial and other information contained in this document.

Purchasers of Ordinary Shares must not treat the contents of this document or any subsequent communications from the Company or any of its respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. Without prejudice to the Company's obligations under the FSMA, Prospectus Regulation Rules, Listing Rules and Disclosure and Transparency Rules, neither the delivery of this document nor any subscription made pursuant to it will, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as at any time subsequent to its date.

This document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Regulation Rules and has been approved by the FCA under section 87A of FSMA. This document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules. No arrangement has however been made with the competent authority in any other member state of the EEA (or any other jurisdiction) for the use of this document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction.

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation to subscribe for or the solicitation of an offer to buy or subscribe for, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this document and the offering of the Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the UK into whose possession this document comes are required by the Company to inform themselves about, and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of this document under, the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or any other consent and observing any other formality prescribed in such territory.

No action has been taken or will be taken in any jurisdiction by the Company or the Directors that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action being taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdictions. Any failure to comply with this restriction may constitute a violation of the securities laws of any such jurisdiction. Neither the Company nor any of the Directors accepts any responsibility for any violation of any of these restrictions by any other person.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objectives will be achieved.

It should be remembered that the price of the Ordinary Shares, and any income from such Ordinary Shares, can go down as well as up.

This document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles, which prospective investors should review.

FORWARD-LOOKING STATEMENTS

Some of the statements under "Summary", "Risk Factors", "Part I: Information on the Company, Investment Opportunity and Strategy" and elsewhere in this document include forward-looking statements which reflect the Company's or, as appropriate, the Directors' current views, interpretations, beliefs or expectations with respect to the Company's financial performance, business strategy and plans and objectives of management for future operations. These statements include forward-looking statements both with respect to the Company and the sector and industry in which the Company proposes to operate. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue", "estimate", "future", "opportunity", "potential" or, in each case, their negatives, and similar statements of a future or forward-looking nature identify forward-looking statements.

All forward-looking statements address matters that involve risks and uncertainties because they relate to events that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Company's actual results, prospects and performance to differ materially from those indicated in these statements. In addition, even if the Company's actual results, prospects and performance are consistent with the forward-looking statements contained in this document, those results may not be indicative of results in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- the impact of the current Covid-19 pandemic, on the company, its commercial counterparties and customers, and the global economy generally;
- the Company's ability to implement effective growth strategies for the Company's business;
- the Company's ability to ascertain the merits or risks of the operations of the Company's business;
- the Company's ability to deploy the Net Proceeds on a timely basis;
- changes in economic conditions generally (and specifically in the UK market);
- impairments in the value of the Company's assets;
- the availability and cost of equity or debt capital for future transactions;
- changes in interest rates and currency exchange rate fluctuations, as well as the success of the Company's hedging strategies in relation to such changes and fluctuations (if such strategies are in fact used); and
- legislative and/or regulatory changes, including changes in taxation regimes.

Risks and uncertainties which are material and known to the Directors are listed in the section of this document headed "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this document.

Any forward-looking statements in this document reflect the Company's, or as appropriate, the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's future business, results of operations, financial conditions and growth strategy. For the avoidance of doubt, nothing in this paragraph qualifies the working capital statement set out in paragraph 14 of Part VII: Additional Information of this document.

These forward-looking statements speak only as of the date of this document. Subject to any obligations under the Prospectus Regulation Rules, the Market Abuse Regulation, the Listing Rules and the Disclosure and Transparency

Rules and except as required by the FCA, the London Stock Exchange, the City Code or applicable law and regulations, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

NOTICE TO US SHAREHOLDERS AND SHAREHOLDERS IN CERTAIN RESTRICTED JURISDICTIONS

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the US.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa, or any province or territory thereof. Subject to certain exceptions, The Ordinary Shares may not be taken up, offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, and this document may not be distributed by any means including electronic transmission within, into, in or from the United States, Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa or to for the account of any national, resident or citizen of the United States or any person resident in Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa. The Ordinary Shares may only be offered or sold in offshore transactions as defined in and in accordance with Regulation S promulgated under the Securities Act. Acquirers of the Ordinary Shares may not offer to sell, pledge or otherwise transfer the Ordinary Shares in the United States, or to any US Person as defined in Regulation S under the Securities Act, including resident corporations, or other entities organised under the laws of the United States, or non-US branches or agencies of such corporations unless such offer, sale, pledge or transfer is registered under the Securities Act, or an exemption from registration is available. The Company does not currently plan to register the Ordinary Shares under the Securities Act.

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The rights of holders of Ordinary Shares are governed by English law and by the Articles. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

NOTICE TO EEA SHAREHOLDERS

In relation to each member state of the EEA (each a **relevant member state**) with effect from and including the date on which the Prospectus Regulation came into force in the relevant member state (**relevant date**), no Ordinary Shares have been offered or will be offered pursuant to the Fundraising to the public in that relevant member state prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Regulation, except that with effect from and including the relevant date, offers of Ordinary Shares may be made to the public in that relevant member state at any time:

1. to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose main activity is to invest in financial instruments;
2. to any legal entity which has two or more of: (i) a total balance sheet of more than €20 million; (ii) an annual turnover of more than €40 million; and (iii) own funds of €2 million as shown in its last annual or consolidated accounts;
3. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) in such relevant member state; or
4. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purpose of these provisions, the expression an “offer to the public” in relation to any Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Fundraising and any Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied in that relevant member state.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Fundraising have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Company has been obtained to each such proposed offer or resale. Each of the Company and its respective affiliates, and others, will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

NOTICE TO OVERSEAS SHAREHOLDERS

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. The Company is incorporated under the laws of England and Wales and the majority of the Directors are residents of either Canada or the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors within the Overseas Shareholder’s country of residence or to enforce against the Directors judgments of courts of the Overseas Shareholder’s country of residence based on civil liabilities under that country’s securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors who are residents of either Canada or the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on the foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

NOTICE TO ALL SHAREHOLDERS

Copies of this document will be available on the Company’s website, www.cellulargoods.co from the date of this document until the date which is one month from the date of Admission.

THIRD PARTY INFORMATION

Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

DATA PROTECTION

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- (a) verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering or anti-terrorism procedures;
- (b) carrying out the business of the Company and the administering of interests in the Company;
- (c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere; and
- (d) disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate, it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- (a) disclose personal data to third-party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- (b) transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights or freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

DEFINED TERMS

Except for certain names of natural persons and legal entities and capitalised terms that need no further explanation, the capitalised terms used in this document, including capitalised abbreviations, are defined or explained in Part VIII: Definitions, starting on page 115 of this document.

CURRENCY

Unless otherwise indicated, all references in this document to “GBP”, “£”, “pounds sterling”, “pounds”, “sterling”, “pence” or “p” are to the lawful currency of the United Kingdom; all references to “\$”, “US\$” or “US dollars” are to the lawful currency of the US; and all references to “€” or “euro” are to the lawful currency of the Euro zone countries.

NO INCORPORATION OF WEBSITE TERMS

Except to the extent expressly set out in this document, neither the content of the Company’s website or any other website nor the content of any website accessible from hyperlinks on the Company’s website or any other website is incorporated into, or forms part of, this document.

GOVERNING LAW

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes in such laws.

NOTICE TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Fundraising.

Furthermore, it is noted that, notwithstanding the Target Market Assessment, Tennyson and Novum will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

INTERMEDIARIES OFFER

Under the Intermediaries Offer, the Ordinary Shares are being offered to Intermediaries who will facilitate the participation of their retail investor clients (and any member of the public who wishes to become a client of that intermediary) located in the United Kingdom. The Company consents to the use of this Document by Intermediaries in connection with the Intermediaries Offer in the United Kingdom on the following terms: (i) in respect of the Intermediaries who have been appointed prior to the date of this document (as listed in paragraph 26 of Part VIII), from the date of this document; and (ii) in respect of Intermediaries who are appointed after the date of this document, from the date on which they are appointed to participate in the Intermediaries Offer, and in each case agree to adhere to and be bound by the Intermediaries Terms and Conditions until the closing of the Intermediaries Offer at 9 p.m. on 22 February 2021 .

The offer period of the Intermediaries Offer and for which consent to use this document is given commences on 22 February 2021 and closes on 22 February 2021, unless closed prior to that date (any such prior closure to be announced via a Regulatory Information Service).

Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent. Intermediaries are required to provide, at the time of such offer, the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary.

The Company consents to the use of this document and accepts responsibility for the information contained in this document with respect to subsequent resale or final placement of securities by any Intermediary given consent to use this document.

VALIDITY OF PROSPECTUS

The prospectus was approved on 22 February 2021 and is valid for a period of one year from that date. The prospectus will therefore cease to be valid on 21 February 2022. Should a significant new factor occur, or material mistake or inaccuracy be identified during the validity period, the Company would be required to issue a supplement in accordance with the Prospectus Regulation Rules. After the period of validity has expired, the Company is no longer under an obligation to issue such a supplement.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	22 February 2021
Payment to be received from investors pursuant to the Fundraising in cleared funds	26 February 2021
Announcement confirming results of Fundraising	22 February 2021
Admission and commencement of unconditional dealings in Ordinary Shares	26 February 2021
Crediting of Ordinary Shares to be held in uncertificated form to CREST accounts	26 February 2021
Despatch of definitive share certificates for Ordinary Shares in certificated form by no later than	12 March 2021

All references to time in this Document are to London time unless otherwise stated.

FUNDRAISING STATISTICS

Number of Existing Ordinary Shares	244,750,000
Placing Price	5 pence per Ordinary Share
Maximum Number of New Ordinary Shares	260,000,000
Enlarged Share Capital in issue following the issue of the New Ordinary Shares and Admission	504,750,000
Percentage of Enlarged Share Capital represented by the New Ordinary Shares	51.5%
Gross proceeds of the Fundraising	£13,000,000
Proceeds of the Fundraising receivable by the Company (after deduction of transaction costs)	£11,838,110
Number of Warrant Shares	52,460,000
Percentage of share capital represented by Warrant Shares (assuming all warrants are exercised immediately following Admission and that subsequently the Company's share capital is made up of the Enlarged Share capital and the Warrant Shares only and that the maximum number of New Ordinary Shares are issued pursuant to the Fundraising)	9.4%

DEALING CODES

The dealing codes for the Ordinary Shares will be as follows:

ISIN	GB00BK964W87
SEDOL	BK964W8
TIDM	CBX

DIRECTORS, AGENTS AND ADVISERS

Directors	Peter George Wall (<i>Non-Executive Chairman</i>) Alexis Oliver Abraham (<i>Chief Executive Officer</i>) Simon Howard Walters (<i>Finance Director</i>) Eric Chang (<i>Chief Operating Officer</i>) Darcy George Taylor (<i>Non-Executive Director</i>) David Scott Gardner (<i>Non-Executive Director</i>) Ross Patrick Connolly (<i>Non-Executive Director</i>) <i>(All c/o the registered office)</i>
Company Secretary	Simon Howard Walters
Registered Office	16 Great Queen Street London WC2B 5DG
Joint Brokers	Tennyson Securities (a trading name of Shard Capital Partners LLP) 20 Fenchurch Street London EC3M 3BY Novum Securities Limited 57 Berkeley Square London W1J 6ER
Adviser to the Intermediaries Offer	PrimaryBid Limited 21 Albemarle Street London W1S 4BS
Solicitors to the Company	Fladgate LLP 16 Great Queen Street London WC2B 5DG
Solicitors to the Joint Brokers	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Auditors and Reporting Accountants	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Website

www.cellulargoods.co

PART I
INFORMATION ON THE COMPANY, INVESTMENT OPPORTUNITY AND STRATEGY

1. Introduction and overview

Cellular Goods PLC

Cellular Goods PLC has been incorporated to establish premium high-quality, independently tested and compliant CBD product brands targeting the expanding but fragmented CBD sector. The Company's central philosophy is that the most compelling CBD product offering is one that builds on existing consumer behaviours, is premium focused, simple to understand and available both direct-to-consumer and through selected retail outlets.

The Company intends to service this market by developing and marketing a range of high-quality, consistent and compliant products containing CBD. Initially focusing on products incorporating synthetic CBD, the Company's long-term intention, subject to securing the necessary regulatory approvals, is expand its product range through also offering a complementary range of grown CBD containing products. The Company's products will be made available direct to the consumer through the Company's website, and through physical retail partnerships.

While CBD has gained significant attention, the market is fragmented and there are few recognisable or trusted 'household' names in the sector. Absent of such brand recognition, the Company intends to market its product offerings by focusing on the proven provenance, high quality and consistency of its products, each of which is verifiable by the consumer. The Company considers these attributes will be a key, and not easily replicated, differentiator between the Company and its competitors.

The Company is initially focusing on two product lines, the first being high-end skincare, and the second being athletic recovery products. The Company's high-end skincare products have been developed with Arcania Apothecary, and have been developed with a key set of core values, being: efficacy, stability and ecology. The Company's athletic recovery products have been developed to aid sportspeople in their post-exercise and post-event recovery.

The Company is launching with two product brands covering distinct market segments: a high-quality face-mask and serum containing synthetic CBD, and a topical athletic recovery gel roll-on product. The Company considers that synthetic CBD is the most consistent, ecologically sensitive, scalable, and compliant source of CBD available. The products have been developed by Arcania Apothecary while the synthetic CBD is sourced from pharmaceutical grade suppliers and incorporated into the cream by Arcania Apothecary, the Company's established apothecary contract manufacturing organisation (**CMO**). In so doing, the Company will have visibility and control over the entire production process, and be able to ensure consistency in the quality and content of its products. This internal quality control will be verified by batch testing of the final product by independent laboratories, the results of which will be available to the consumer. The Company considers that direct-to-consumer sales and marketing provide the Company with direct and timely feedback and customer engagement that is simply unavailable through conventional distribution channels, while the retail partnership provides an additional route to market and greater exposure for the Company's products. The Company believes this hybrid approach will significantly expedite the creation and focusing of the Company's initial product and future product range, identification of consumer trends and preferences, and potential for product personalisation on an ongoing basis.

In the long term, and subject to applicable legislation and the Company (or its counterparties) securing the necessary approvals, the Company will leverage its brands, reputation and following to expand its product range to include a wider range of synthetic and grown CBD containing products in both the skincare and athletic recovery sectors, and by expanding into other sectors, which is anticipated to include ranges in the adult confectionary (breath mints), and beverage (seltzer/tonic) sectors, among others.

To ensure the Company is able to offer the same high-quality approach to its products where they incorporate grown CBD, in the long term, the Company intends to procure the necessary licences and consents to develop an end-to-end grown CBD supply chain. By doing so, the Company will have a high degree of control over its raw materials and ensure consistency and thereby the high quality of the end product. This control will also enable the Company to ensure that its products are compliant with applicable law and regulation in the UK. As with synthetic CBD containing products, these products will be batch tested by independent laboratories and the results made available to the consumer.

Fundraising

In its pre-IPO funding rounds the Company raised aggregate gross proceeds of £1,488,500. The Company has conditionally raised gross proceeds of a further £13,000,000 through the Fundraising. Participants in the Fundraising have entered into binding commitments to participate in the Fundraising, and the gross proceeds will be released to the Company following and subject to Admission. The Company intends to use the net proceeds of the Fundraising to:

- undertake research, development, formulation and testing of new products;
- to establish the Company's inventory of initial raw materials and finished products;
- raise awareness of its products and build its brands;
- develop the Company's consumer facing app and the necessary infrastructure to enable meaningful consumer engagement with the Company's customers;
- develop retail partnerships and opportunities; and
- develop and expand its business in the longer term, including but not limited to the development, subject to compliance with applicable law and regulation, of an end-to-end grown CBD business.

Further details of the Company's business are set out in this Part I, the use of Net Proceeds in paragraph 20 of this Part I and further details of the Fundraising are set out Part III of this document.

It is intended that the Ordinary Shares will be admitted by the FCA to a Standard Listing on the Official List in accordance with Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's main market for listed securities.

Objective

The Company's objective is to generate an attractive rate of return for Shareholders, predominantly through capital appreciation, by establishing a CBD business, initially utilising synthetic CBD but in the longer term incorporating both synthetic and grown CBD in a range of products developed to meet consumer demand. The Directors consider the Company's initial value will be created by establishing early revenue through synthetic CBD which will provide both initial cashflow and increased brand awareness. This cashflow, along with increased awareness of the Company's brands will aid the Company's development of its CBD business and, in particular, its proposed development of an end-to-end grown CBD business in the long term.

2. What is CBD?

Cannabidiol or CBD is a phytocannabinoid, and is one of the approximately 100 identified cannabinoids in Cannabis plants. CBD is not a psychoactive compound, does not cause a "high" and, according to a recent WHO critical review, is not addictive¹. CBD is either naturally occurring, within the Hemp or Cannabis plant and is extracted, or can be synthesised in a laboratory via chemical or chemical methods.

CBD was first discovered in 1940, when a team from Illinois University isolated CBD for the first time and identified that there were compounds contained in the Cannabis plant which were not psychoactive. Further work in the following decades identified the chemical structure and mechanisms of synthesizing CBD and other cannabinoids. However it was not until 1988 and 1993 respectively that cannabinoid receptors were identified in animals, and the endocannabinoid system was identified, and its function understood.

While use of Cannabis has been recorded throughout human history, following the adoption by the United Nations and member states of the Single Convention on Narcotic Drugs significant restrictions were placed by signatory states on the cultivation, harvesting and sale of Cannabis. These measures significantly reduced the availability of Cannabis and Cannabis derived products, including CBD. While CBD is not, and has never been, a scheduled drug under the United Nations Single Convention on Narcotic Drugs, its production has historically been by growth of the Cannabis plant and extraction of oil from the plant, which has been restricted by these measures.

1 <https://www.who.int/medicines/access/controlled-substances/CannabidiolCriticalReview.pdf> (p. 16)

In recent years, societal attitudes to Cannabis and CBD have started to shift from one of prohibition to liberalisation, with countries such as Canada legalising recreational Cannabis, and other nations legalising, or showing a renewed interest in, medical Cannabis and Cannabis derived medicinal products. These changing attitudes, together with prominent news stories such as those of Billy Caldwell and Alfie Dingley, have resulted in a re-examination of government policy in the United Kingdom on medical cannabis and cannabinoids more generally within the UK. While medicinal Cannabis and Cannabis derived medicinal products remains tightly controlled in the UK, this increased awareness of the potential health benefits of Cannabis and Cannabis-derived products has prompted a resurgence in interest in the benefits of CBD and other cannabinoids which are not similarly controlled.

In particular, CBD has recently gained significant interest from the 'wellness' industry, where products are not stated as having a medicinal benefit, but are instead marketed as contributing to overall 'wellness', akin to the marketing of widely available vitamin supplements. The market has expanded from individual producers selling their own products online, to CBD oils and infused products being available from mainstream retailers, such as Walgreens Boots Alliance Inc., Holland and Barrett, and Lloyds Pharmacy.

Following on from the adoption by the wellness industry of CBD, the beauty and skin-care industry and its consumers have been keen to embrace the potential benefits of CBD. A number of analysts predict that this will be the fastest-growing and most profitable segment of the global cosmetics industry, in addition to high level data that indicates that skin-care is already the leading vertical within the global beauty market². A Jefferies LLC research report dated April 23, 2019, estimates that the CBD beauty industry will reach US\$25 billion within ten years and that it could account for 10-15% of global skin care sales. Jefferies says, "The Global Beauty & Personal Care market neared \$465 billion in 2017 and is ripe for disruption from Cannabis-based products." Furthermore the Brightfield Group estimates that consumers prefer topicals over edibles: in a study Brightfield estimated topicals are the third favourite product (after vaping and plant material), with 43% of CBD users choosing this medium (as their preferred choice).

The Company is focusing on two types of CBD. Initially and in the medium term, the Company will utilise synthetic CBD in its products, but in the long term intends to develop an end-to-end grown CBD business.

Synthetic CBD

The synthesis of CBD can either be by bio-synthesis, or through a chemical reaction in a laboratory or production facility. The production of cannabinoids by these processes does not involve the cultivation or processing of the *Cannabis sativa* plant and therefore also offer significant regulatory advantages.

Synthetic CBD

Synthetic CBD can be produced in the laboratory from high-quality starting materials and, by applying a consistent process, produces a consistent, high-quality end product. No structural (or stereo chemical) differences exist between an active cannabinoid ingredient manufactured by Purisys and those that are chemically extracted and isolated from plants.

In addition, as laboratory synthesis does not require either the growing of the Cannabis or Hemp plant, it does not require further treatment in order to separate the CBD from other naturally occurring substances in the cannabis plant, or from other potential contaminants (such as heavy metals from the soil, pesticides from production, impurities such as chlorophyll from the plant or microbial or mould) which can exist when CBD is extracted from a plants.

Bio-synthetic CBD

Biosynthesis is the process by which living things use enzymes to build or modify molecules (substrates) into alternate molecules for the benefit of an organism. The path that these enzymes take from starting materials to final product is referred to as a biosynthetic pathway. Enzymes in many cases have an ability to create certain molecules in a manner that is unmatched by chemical synthesis approaches. Scientists have learned to employ enzymes to make useful molecules for a variety of purposes, which is referred to as synthetic biology, or SynBio. Over the past several decades, SynBio has yielded products including biofuels, rare oils, insulin, and vaccines – all molecules or

2 In 2018, skincare products made up 39% of the global cosmetic market. Data source from: L'Oréal - Annual Report 2018

proteins that would normally be cost-prohibitive, complex to recover or even impossible to produce by alternative mechanisms.

The SynBio process is able to produce cannabinoids such as CBD, one of the main active ingredients found in the cannabis plant, with high purity, free of contaminants, and at a significantly lower cost than extraction from the cannabis plant.

These microorganisms, on their own, do not produce cannabinoids. Thus, the biosynthetic pathway that produces cannabinoids in the cannabis plant has to be recreated in the microorganism. This was accomplished through research that identified the enzymes and associated genes that encode those enzymes in the cannabis plant in order to recreate them in the genome of the host microorganism. As the enzymes in both biosynthetic pathways (the plant and microorganism) operate in the same way, the resulting cannabinoids from both systems are identical.

In contrast to plants that make their own sugar, the newly created microorganism needs to be fed sugar to produce the secondary metabolite, cannabinoids. This process is done in large steel fermentation vessels, similar to those used in beer production. The cannabinoids are then separated from the microorganism and purified. The life cycle of microorganisms in fermenters (7-10 days) is far shorter than the cannabis plant's life cycle (90-200 days), therefore the yield of cannabinoids produced per year on a similar area of land is significantly greater. This increased capacity greatly reduces the relative cost use of material inputs and are more environmentally friendly and less energy intensive than growing the plant and separating out the psychoactive and non-psychoactive ingredients.

Grown CBD

CBD is present (in varying proportions) in each strain of the Cannabis plant. CBD from plants is either extracted alongside other cannabinoids (representing whole CBD oil), or can be isolated to substantially pure CBD, referred to as isolate. Cannabis means any plant of the genus Cannabis, e.g. Cannabis Indica or Cannabis Sativa. Hemp is the name commonly used for specific varieties of cannabis that typically have lower content of Tetrahydrocannabinol (**THC**) and have been developed for industrial purposes. While there are restrictions on the growth of the Cannabis plant under the Misuse of Drugs Act 1971, the UN Single Convention on Narcotic Drugs (the treaty which resulted in the Misuse of Drugs Act 1971 being enacted) specifically excludes the growth of the Cannabis plant for industrial purposes. Therefore the growth of the Hemp plant is permissible subject to compliance with applicable law and regulation. Further details of the regulatory environment are set out in paragraph 12 of this Part I. The Company will design its future grown CBD business in a manner designed to comply with applicable law and regulation in the relevant jurisdiction.

3. The CBD market

Stage of the market

The grown CBD sector is at any early stage in the United Kingdom and analysts are predicting significant expansion of the market, both in the United Kingdom and internationally, in the short to medium term. Sales of CBD products in the UK, in the form of oils, cosmetics and food products, have approximately doubled over the past two years.³ The Cannabis Trade Association estimates that Europe's CBD market is currently worth approximately £480m per annum, of which the UK share was the largest at approximately £110m.⁴ Technavio estimates that the global market for CBD Oil will increase at a CAGR of almost 31.05% and the incremental growth of the market is anticipated to be US\$3.52 billion between 2020 and 2024.⁵

³ <https://www.bbc.co.uk/news/health-48950483>

⁴ <https://pharmaintelligence.informa.com/resources/product-content/european-cbd-market-snapshot-uk-leads-as-retailers-get-on-board-with-fsa-decision-pending>

⁵ https://uk.finance.yahoo.com/news/cbd-oil-market-grow-3-011500183.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAA3HYZi3Kidrho6fDQX4grbnsLPydzpBbt7iDpHEQvFw40DQczmTUvnU_YhK0g29YKQpdQHMxtR11Z07MEsxizKL3k9AGQ0Kr6lB7ioh2EZ9wrlNZBJ2LyNxJ5XcuW5pxRj1JxzYrcL2ZA3jV6WnMFFf0D43QMp89jln7CCwLMq_

The CBD cosmetics market

CBD (whether synthetic or grown) or extracts of Hemp are now being integrated into other, non-wellness, products, such as shampoo and moisturiser. Integration of CBD into a wider range of products has increased not only the potential sectors for the Company to address, but also increased the potential consumer lure for CBD containing products. The directors believe this signposts the significant growth potential of the sector.

The Company considers the cosmetics and topical application market is a prime market on which to focus its initial product and in which to develop its product range. The global cosmetics market was estimated to be worth US\$507.75 billion in 2018 and to rise to US\$758.45 billion by 2025 at a CAGR of 5.9%, with skin care having the highest market share⁶. The global CBD skin care market was valued at US\$234.1 million in 2018 and is expected to expand at a CAGR of 32.9% from 2019 to 2025⁷, and market research has identified that consumers prefer topical products containing CBD to edible products. Furthermore, the CBD topical cream market in the United States has been estimated at a base of US\$500m in 2018, and was anticipated to increase to US\$1.5bn by the end of 2020, making it the single fastest growing segment in the CBD market⁸. The Directors consider that the United Kingdom and European markets will broadly follow the same trends identified in the United States, and consequently a similar increase in demand will be present in the UK.

Market participants

The CBD market is currently comprised of a large number of small companies, each of whom have different product offerings and philosophies, often selling their product directly to the consumer through their own website and other dealers, while a few producers have entered into agreements with retailers such as Walgreens Boots Alliance Inc., Holland and Barrett, and Lloyds Pharmacy for the retail sale of their products. The quality of CBD products differs significantly across the market as a recent independent test by the Centre for Medicinal Cannabis demonstrates.

In 2019 the Centre for Medicinal Cannabis conducted independent laboratory testing of 30 leading CBD oil products available in the UK from either retail or online stores⁹, which identified that:

1. only 38% of the products tested were within 10% of the advertised CBD content;
2. 38% of the products tested contained less than half of the advertised CBD content;
3. one product tested contained no CBD at all;
4. 45% of the products tested contained measurable amounts of THC or CBN and therefore were illegal under English law;
5. one product contained a level of alcohol sufficient for it to be classified as an alcoholic beverage; and
6. seven of the tested products contained residual levels of the solvents used to extract the CBD from the plant which were at higher levels than permitted under food safety standards.

In addition, the Food Standards Agency (which has the power to regulate food safety in the United Kingdom) has recently taken steps to confirm its position on CBD-containing products, further details of which are set out in paragraph 12 of this Part I.

The Directors consider it is therefore difficult for a consumer to make an informed decision about the quality and compliance of the products they are purchasing, as the quality of leading products vary significantly and testing is not carried out in a consistent or rigorous manner.

Future of the CBD market

BDS Analytics and Arcview Market Research project that the market for CBD sales in the US will surpass \$20 billion by 2024, while New York-based investment bank Cowen & Co estimated that the US CBD market could be

6 <https://www.businesswire.com/news/home/20181005005158/en/Global-Cosmetics-Market-2018-2025-Analysis-Product-Type>

7 <https://www.grandviewresearch.com/industry-analysis/cbd-skin-care-market>

8 Cowen Collaboration Insights : <https://www.cowen.com/reports/cowen-collective-view-of-cbd/>

9 <https://irp-cdn.multiscreensite.com/51b75a3b/files/uploaded/Exec%20Summary%20-%20CBD%20.pdf>

\$15 billion per annum by 2025.¹⁰ Meanwhile the Centre for Medicinal Cannabis found that 1,300,000 British consumers were using CBD products, the market was growing at double digits and could be worth almost £1bn a year by 2025.¹¹ The CBD market has, unsurprisingly, seen an increasing focus from retailers, who now stock a variety of CBD-containing products.

These growth projections, allied with the disparity in the quality and consistency of products currently on the market outlined above, cause the Directors to believe that there is an opportunity for a supplier of premium CBD-based products with known and verifiable provenance to differentiate itself in the market. The Company intends to address the shortfalls and issues identified above in its business model and thereby capitalise on its differentiated product offering and the projected growth of the CBD sector.

Beyond CBD

The Company has also identified that a number of the other cannabinoids found in the cannabis plant are being studied for their potential benefits, including compounds such as Cannabigerol or CBG. In due course, and subject to compliance with all applicable law and regulation, the Company will consider the inclusion of other novel cannabinoids in its products.

4. Company Strategy

For the reasons set out above, the Directors believe that there is an underserved need for high-trust, high-end product brands which incorporate grown or synthetic CBD and other legal cannabinoids. Given the limitations of existing products in the market noted above, the design and implementation of the Company's products and platform is focussed on removing or addressing these weaknesses and difficulties and therefore building a differentiated product offering.

The Company's strategy is based on the following pillars:

Brand and consumer confidence

The Company intends to develop recognised brands based on the purity and high quality of its products. Whether products contain bio-synthetic CBD or grown CBD, the Company will ensure the CBD content and type is clearly identified, is consistent between batches and is incorporated at the stated level. The Company considers the high quality of the products and the known and verifiable content and provenance of them will differentiate its brands and their products in an otherwise fragmented market, and help generate brand recognition. The Company considers that, once established, this attention to consistent high quality will help ensure that customers trust the Company's brands, and therefore lead to consumers being willing to try/preferring the Company's other products even over established competitors.

The Company will make available the batch testing certificates and will keep records of both the provenance of each batch of products to ensure consistent quality and the content to be able to identify and address any inconsistencies between batches in a timely fashion.

The units of the Company's first skincare product will carry individual serial numbers which, when combined with a proprietary phone or web-accessed app, will enable consumers to check the provenance of its product and provide the Company with feedback with unprecedented speed. This engagement with its customers will enable the Company to have an unprecedentedly detailed and granular understanding of use and distribution.

Superior products at compelling values

As a result of its business strategy, the Company considers it will be able to provide premium products at attractive price points. The ingredients in the product, including the core synthetic or grown CBD component, will be of higher and more consistent quality than those found in existing products in the marketplace, and be supported by known provenance and independent laboratory testing.

¹⁰ <https://www.forbes.com/sites/irisdorbian/2019/05/20/cbd-market-could-reach-20-billion-by-2024-says-new-study/>

¹¹ <https://www.thecmcuk.org/policyreports>

Product innovation

The Company's initial product has been designed to provide the Company with a platform for a wider product offering. Over time, the Company intends to develop new, differentiated products to offer to consumers, containing either synthetic or grown CBD. This innovation will be informed by engagement with the Company's customers and enable the Company to deliver the range of products customers require, and therefore ensure the Company is able to meet the needs of its customers.

Attractive unit economics

Given the infancy of the CBD industry in the UK, the Company considers it will benefit from favourable customer acquisition costs as a result of the nature of its product offering and the fragmented market sector. As the Company grows, it will seek to use technology and automation to deliver a better customer experience while simultaneously delivering efficiencies to the Company resulting in favourable unit economics and customer acquisition and retention.

Hard-to-replicate value chain

The Company has invested time developing its business model, and establishing the initial partnerships required to commence operations and enable sale of its initial product. In the long term, the Company will devote its efforts to establishing its grown CBD operations, cultivating additional direct supplier relationships, talent, infrastructure and technology to build an interconnected and difficult to re-create value chain. These efforts should enable the Company to deliver high-quality product at compelling prices.

The Company intends to build a diverse team with relevant industry and sector experience and develop the processes to coordinate closely between such functions by engaging professional product managers, technologists, and supply chain experts, who will work to optimise the Company's operations.

Technology and data

Technology and analytics will be central to the Company's plan to tailor its product offering to consumer demand. The Company intends to have ongoing interactions with customers through which customers can directly inform the Company, or from which tastes and preferences can be inferred. The Company will then combine this data and information with its software systems to inform its future operations, using forecasting tools and data science to predict orders for specific products and to optimise future product, supply chain, and logistics.

At the centre of this approach is a cross-platform mobile application to be developed for the Company which will manage, and sometimes initiate, interactions with consumers. The Company is mindful that interactions with its customers have to be on the customer's terms, and therefore the customer will be able to interact with the Company's app as much or as little as they choose.

From release of the application, customers will be able to use the app to register their purchase, set reminders to use the product, find application guides and information, check provenance, refer friends, manage loyalty programme benefits, re-order ad-hoc, and manage any recurring orders. The Company considers that private feedback via this channel will be especially valuable and customers will be prompted to keep a log of their use and perceived effects: empowering them to find their right dosage and helping the Company better understand its products on an informal, distributed basis outside of controlled laboratory testing.

The Company will at all times be mindful as to what data it is collecting on its customers, and ensure it is compliant with GDPR and that it implements all industry best practices for ensuring that data remains confidential. All data collections will be on a strictly opt-in basis and customers will have a clear, fast and simple mechanism for the permanent deletion of any information held about them.

In due course the Company intends to enable a degree of product personalisation via this interface.

5. Business & Revenue Model

The Company considers that consumers are increasingly after flexible ways to purchase products, whether on a one-off or recurring basis. As a result, the Company will offer its products both directly to consumers through the Company's website, and also through relationships with premium physical retail stores. The Company also intends to explore opportunities for potential customers to sample products via partnerships with appropriately high-end

hospitality properties by placing the product amongst their in-room or in-spa amenities (such as Firmdale, Rocco Forte Belmond) and through providers of subscription boxes (such as FabFitFun, Cohorted, Mintd Box). The Company intends such an approach would be used to help generate brand awareness and customer engagement with the Company's products.

Direct to consumer

The Company's website and cross-platform mobile application will enable customers to make either an individual, one-off purchase, or set up a recurring purchase (the frequency of which is determined by the user). Recurring purchases can be cancelled at any time, but offer the Company's customers an easier, and potentially discounted, way to ensure they have the products they use regularly. This revenue model will enable the Company to cost-effectively serve both light or occasional customers and more engaged and regular customers.

The Directors consider this approach is a hybrid between a traditional 'etail' business and the subscription-based business models advanced by Dollar Shave Club, BarkBox or GlossyBox. Being primarily an etail business, the Company considers that its overheads and customer acquisition costs enable the Company to provide a favourable offering to customers, by offering a wider range of products and at a lower cost compared with traditional retail operations. When combined with the Company's intended end-to-end integration and resulting known provenance of its products, the directors consider the Company will offer a value added alternative to existing alternatives.

Retail partnerships

The Company is also aware that many consumers still discover and gain trust in brands as a result of their presence in established premium large-format retailers. In the UK these include high-end department stores such as Selfridges, Harvey Nichols and Harrods, and, increasingly, premium online destination shopping sites such as Net-a-porter, Cult Beauty, Space NK and Matches Fashion. The Company intends to explore retail opportunities through supply arrangements or partnerships with appropriate retail and premium online shopping businesses in due course.

Collaborations

The Company is exploring the opportunity of collaborating with appropriate and premium brands to create highly limited collections also known as 'drops'. Such events are usually limited in supply of a customised version of a mainstay product at a premium to the regular item, offering a limited opportunity to purchase an exclusive product. This kind of scarcity marketing drives awareness and desire more than predictable revenue so is intended merely to complement the Company's main ranges. These collaborations are already becoming a mainstay in the fashion industry (for example, <https://www.moncler.com/genius>), and are very well established in the ultra-collectable sneaker market (for example Supreme x Nike) and many others, and have begun to feature within the CBD industry, with luxury confectionary maker Ladurée offering a hemp macaroon¹².

Geographical establishment

The Company's operations will initially be operated from and focussed on the UK. In the future, the Directors may consider expanding the Company's target market to other jurisdictions with an intended focus on Europe and other English-speaking nations in the first instance.

Revenue model

The Company intends to generate revenue and profitability by increasing its customer base, growing the product range, and ensuring repeat business from customers across a wider range of product categories. The Directors believe that trust created through the Company's first products will encourage customers to both try and, in time, regularly purchase from this broader range while simultaneously establishing the Company as a leader in both the high-end beauty-care and CBD markets.

Digitally-native direct-to-consumer sales is in many ways an extension of culture we already choose with many of us having Spotify, Netflix or Amazon Prime subscriptions. The direct to consumer model enables the Company to immerse customers in its ecosystem and have a high degree of control over the Company's and each of its

12 <https://www.hollywoodreporter.com/news/laduree-introduces-hemp-macarons-la-1129394>

individual brand's messaging from the point of purchase right through to customer service. The customers' experience feels more personalised, and crucially is far cheaper per product and more streamlined than other models.

Customer engagement

One of the key issues with current CBD products identified by the Directors is the lack of adequate customer support from the original producer of the product. In order to address this the Company will offer customers a few different methods to contact customer support, including the following:

Messaging platform and Chat Bot - Users can access customer support through a messaging interface, such as Facebook Messenger.

Lodging a support ticket - Customers can open a support ticket for all account-specific problems or requests.

Email - Users can email the support team for any non-account related issues.

Mail - Customers can mail a letter to the address listed on the Company's site.

Phone - Customers can access the Company's helpline 24/7 and speak to a support assistant

The Directors believe this ease of reaching the Company will set the Company apart from certain of its established competitors.

6. Target Market

The Company is targeting the cosmetics, athletic and wellness market, and at this stage, does not propose to market its products as possessing medicinal or health benefits.

The Company anticipates that it has three main target markets at launch; individuals with an interest in CBD, whether or not they have existing CBD product experience, and the wider markets of high-end beauty-care and athletic recovery products. The skin-care category is now growing faster (7.6% in 2018) than make-up and, with the ageing of the Instagram generation this is expected to continue to be the case.

The Company anticipates that this will broadly result in the majority of its customers being between 27 and 60 years old, though it anticipates that there will also be users outside this age range. The Company's services will not be available to those under 18 and the Company will ensure, through its registration process, users under the age of 18 are not able to purchase from the Company.

The Company anticipates that all of its target market will have at least a basic understanding of the benefits of CBD. The Company's services are targeted at those who want a high-end and transparent CBD product that they can procure in a simple manner. As the product offering grows, the Company intends to offer transparent pricing and a flexible ordering experience to users; attracting users who want to buy a reputable, tested and compliant high-end product.

The Directors believe that their networks in the CBD, beauty care, athletic performance, marketing, ecommerce, and technology industries will be critical to enabling the Company to commence operations and establish a suitable customer base.

7. Synthetic Product Development

The Directors consider that, in order to meet consumer demand while also ensuring compliance with applicable regulatory requirements, the Company will need to develop a varied range of products. The Company has determined that during the short to medium term (i.e. on Admission and for the three to five year period thereafter), the Company's primary focus will be on developing a range of products containing synthetic CBD (whether synthetic or bio-synthetic, depending on the product and market segment).

7.1 Initial Synthetic Products

The Company will initially offer for retail sale three product lines under two distinct brands; a topical skin-care product delivered as a face-mask incorporating synthetic CBD as the active ingredient, a daily skin serum with CBD and a topical sports-recovery gel that will be applied via a touch-free roll-on applicator which incorporates synthetic CBD as the active ingredient. The Directors consider this is an ideal starting point as the product is quick to develop

and market and is intended to enable the Company to generate both early cashflow and awareness of the Company's brands and values.

The Company is initially focusing on two distinct brands, the first being high-end skincare, the second being athletic recovery products, each of which is considered further below.

High-end skincare

Following market research and initial development workshops, the Company's synthetic CBD-containing product range will focus on key attributes of luxury, simplicity and frugality, with products containing as few ingredients as efficacy allows and be multipurpose in design (for example, when developed, the Company's initial cream will be designed for use on the face, hand, body and as an after-sun). The Company believes this ethos will, along with the Company's product development process, allow the Company to stand out in a cluttered market place.

Sport & Athletic Recovery

From 2004 to 2018, the global sports nutrition market grew 190% at a compound annual growth rate (CAGR) of 7.9%, and Euromonitor International expects sports nutrition to cross the US\$20 billion annual threshold in 2021 globally and reach US\$23 billion in 2023¹³. The Company has initially focused on athletic recovery products following WADA's recent clarification (details of which are set out in paragraph 12 of this Part I). The Company considers that the sport industry is a significant opportunity for CBD and other legal cannabinoid containing products (whether at the amateur or professional level), and that the certainty of composition arising from the Company's bio-synthetic products presents a significant advantage compared with grown CBD or legal cannabinoid containing products which may contain residual contaminants prohibited by WADA.

In the future, the Company anticipates there is potential for the Company to expand its sport focused product offerings by developing, amongst other things, a wider range of sports-specific topical products and, in due course and in compliance with applicable law and regulation, nutritional and beverage products.

Source of synthetic CBD and production of products

To procure the synthetic CBD to be incorporated into the Company's products, the Company has entered into an agreement with Purisys LLC. Purisys is a cannabinoid-focused pharmaceutical and consumer product business which provides the resources for the commercialisation of cannabinoids. Purisys has developed state of the art manufacturing technologies to enable them to supply pharmaceutical grade CBD, which will be incorporated into the Company's products.

To produce its products and incorporate the CBD at the required level, the Company has engaged Arcania Apothecary Limited. Arcania was founded over 20 years ago by Richard Howard, a perfumer, brand innovator and cosmetic formulator, and has a 45 strong team with considerable industry expertise. Arcania are progressive cosmetic formulators specialising in the latest bio-technology science and are experienced in providing regulatory support and product safety assessments to ensure compliance of the finished products with legislation both in the EU and worldwide.

The products produced by Arcania are then batch tested by independent laboratories to ensure compliance with their stated specifications before the finished product is supplied to the Company in retail packaging. The Company will initially sell these finished goods through its website on a direct-to-consumer basis, and in time, may add distribution via a carefully selected retail outlets, including high-end department stores. The Company may explore alternative mechanisms for generating awareness of its products, such as pop-up shops or events, depending on the target audience.

7.2 Future synthetic product range

Expansion of the core range

Using the customer interactions afforded through sales and support of the Company's skin-care and athletic recovery products, the Company intends to establish which products within these categories there is strongest

13 <https://blog.euromonitor.com/the-expansion-of-sports-nutrition/>

demand for amongst its customer base, and what features and benefits would be most compelling for those products, along with gaining a sense of price elasticity.

This analysis, combined with analysis of market trends and the perceived demands of the Company's target customer base, will be used to inform the Company's product development pipeline. In building its development pipeline, the Company will consider the potential benefits or commercial opportunities presented by different focuses within the athletic recovery market and beauty and skincare sector, for example: toning, cleansing, eye-specific, sun-protected, different strength products, different formats (such as serums, oils, gels, and sprays), and products incorporating a range of complementary active ingredients where they are established in areas such as anti-ageing, or relief after sun-exposure.

The global beauty supplements market accounted for US\$3.5 billion in 2016 and the market is expected to reach US\$6.8 billion by the end of 2024 according to Goldstein Research¹⁴. Following a study that concluded that CBD as an anti-oxidant was 30%-50% stronger than both Vitamins C & E¹⁵, the Company considers this is a market sector the Company could consider expanding into through developing additional products. Before expanding into this market sector, the Company would seek to understand consumer demand and would need to develop its product offering in compliance with applicable law and regulation. Further details of the regulatory environment are set out in paragraph 12 of this Part I.

Brand extensions leveraging the customer-base and goodwill generated through initial sales

Once the Company has launched its initial products and developed its complementary ranges in both the synthetic beauty and skincare products sector and the athletic recovery sector, the Company intends to diversify its product range to include premium products in a number of leading consumer goods categories. By the time these products are launched, the Company intends to leverage its existing customer base and brand reputation to provide the initial demand for these products, while simultaneously growing the Company's overall customer base through attracting new customers who may not have previously used the Company's products. By doing so, the Company considers it can maximise the market for its existing and new product ranges, and transfer the Company's goodwill between industry verticals.

Pets

The global pet product market is estimated at US\$130 billion¹⁶ per annum and CBD pet products could be a US\$1.16 billion industry in the U.S. alone by 2022, the Brightfield Group estimates¹⁷. While there have not been formal studies of the effects of CBD on animals, there is anecdotal evidence that CBD can assist with anxiety and low level pain, such as that from arthritis, where dogs seem to be less reactive to the pain or anxiety causing stimuli¹⁸. The Company will continue to monitor the development of the pet targeted CBD containing product market and may, subject to compliance with applicable law and regulation, consider expanding its product range to incorporate pet focused CBD containing products in the future. Details of the regulatory treatment of pet focused products is set out in paragraph 12 of this Part I.

Beverages

The Zenith Global estimates that the U.S. CBD beverage market will be worth US\$1.4 billion by 2023 having grown at 75% CAGR¹⁹. The Company considers that CBD beverage market benefits from both public interest in CBD and the growing demand for non-alcoholic alternatives to traditional drinks, where consumers are increasingly looking for natural products with health benefits and are reducing their overall alcohol intake.²⁰ Subject to the future development of the regulatory regime in the United Kingdom (in particular as a result of the UK's departure from the EU and potential regulatory divergence) the Company may explore expanding its product range to include products such as ready-to-drink tinned products, cocktail bitters or other flavouring ingredients, and tonic or

14 <https://www.goldsteinresearch.com/report/global-beauty-supplements-market-outlook-2024-global-opportunity-and-demand-analysis-market-forecast-2016-2024>

15 https://www.researchgate.net/publication/229585926_Neuroprotective_Antioxidants_from_Marijuanaa

16 <https://uk.finance.yahoo.com/news/cbd-market-bets-big-on-pets-130000269.html>

17 <https://www.cnn.com/2019/05/03/pets-are-hot-new-customer-for-cbd-market-as-owners-use-it-for-anxiety.html>

18 https://www.huffpost.com/entry/cbd-oil-dogs-pros-cons_1_5d77b7e6e4b0645135754d14

19 <https://www.zenithglobal.com/news/us-cannabis-based-drinks-market-to-pass-1-billion-in-2022-1>

20 <https://www.zenithglobal.com/news/us-cannabis-based-drinks-market-to-pass-1-billion-in-2022-1>

flavoured seltzer waters. Details of the regulatory treatment of beverages (and other products designed for human consumption) is set out in paragraph 12 of this Part I.

Incorporating other bio-synthetic cannabinoids

CBD is one of a number of legal cannabinoids and the Company's suppliers are capable of producing other bio-synthetic cannabinoids through the same industrial process. In the future, the Company may explore the benefits of incorporating other legal cannabinoids into its products and the commercial opportunity of offering a diverse range of cannabinoid containing products. The Company will not incorporate any controlled substances into its products, either now or in the future.

8. Future Grown CBD Expansion

In addition to synthetic CBD offerings, the Company intends in the long term, and following development of its product range containing synthetic CBD, to develop an end-to-end grown CBD business. The Directors believe that both the integration and the nature of the Company's operations will be central to enable it to ensure the provenance, consistency and high quality of the Company's product offering.

The Company has identified its intended strategy for the cultivation of Hemp and extraction of CBD, details of which are set out below. This description reflects the Company's intended business model at the date of this document, however may be affected by developments and changes in the market, particularly from a regulatory perspective.

The Directors consider that by controlling each step of the process, from growth of the plant to production and sale of the end product, the Company will be able to ensure the quality and consistency of its products, which will be supported by independent laboratory testing.

The Company intends to commence the preparatory work required to establish an end-to-end grown CBD aspect of the business in the medium term after Admission, and has already established a number of essential contacts which will enable this to take place. The Directors anticipate that this aspect of the business will be implemented between three and five years following Admission, subject to the requirements of applicable law and regulation.

End-to-end process

The Company therefore intends to establish, either in house or by partnership with or procuring services from third party suppliers the following stages of production for grown CBD:

- growing Hemp;
- processing the Hemp to extract CBD oil;
- infusing the CBD into a selected range of products; and
- selling either the CBD or the CBD-infused products to consumers.

The Company's intended business model therefore covers each stage of the synthetic and grown CBD product development process and considers its ongoing product development, refinement, and innovation will be dependent upon and facilitated by its proximity to customers.

Growth of Hemp for grown CBD

The first stage of creation of grown CBD is the growth by the Company (or on its behalf) of high-quality hemp in accordance with applicable law and regulation. The Company intends to secure a licence from the Home Office to begin growing Hemp outdoors and/or under cover in the UK, and will engage only with suppliers who produce within the UK. Through careful selection of the Hemp strain, the Company will maximise yield of CBD, while significantly reducing the production of THC and therefore potential contamination which would have to be separated and disposed of before incorporation of the CBD oil into the final products.

The Company considers that delivering consistently high standards of products starts with the raw materials from which they are created. Therefore the Company intends to ensure the highest standards are adhered to in growing the Hemp from which its CBD will ultimately be extracted, requiring its farm partners to use, an organic systems-based approach (or equivalent) that utilises organic (or comparable) practices that protect and maintain the environment while simultaneously increasing crop health, yields, and productivity, and ensuring soil health and

continued biodiversity. The approach also encourages energy conservation, and reduces the environmental impact of the Company's and its suppliers' greenhouse gas emissions, water pollution, and costs.

Processing of the Hemp and extraction of the grown CBD

The second stage of creation of grown CBD is processing the hemp by the Company or by third parties in the UK on its behalf. In accordance with Home Office requirements, the Company and its suppliers will extract CBD under a licence granted by the Home Office, which may be limited to certain parts of the plant. The remaining parts of the hemp plant will be dealt with in accordance with the licence and Home Office requirements.

Bottling of the grown CBD or infusion into products

The third stage of creation is the packaging of the extracted CBD oil, or the refinement into Isolate and infusion into products (as the case may be). This will be conducted by the Company or by third parties on its behalf, depending on the product. The resulting products will be packaged for retail sale.

9. Independent laboratory testing and certification

The Company considers the trust placed by the customers in the Company to supply consistent, high-quality CBD containing products is central to the value of the Company's brands and business model. The approach outlined above gives the Company a high level of control over both the production of synthetic CBD and (in due course) the grown CBD containing products and will enable the Company to track the provenance of all its products from supplier or plant to the end product.

In order to evidence to the customer the value of the Company's high standards and compliance-based approach to developing and manufacturing its products, the Company will ensure that its products are batch tested and the results made available to the consumer.

By the internal tracking of products and the support of independent laboratory testing, the Company will have an audit trail of the product to ensure the quality of the CBD and the content of the end product. The Company will, as a result of these records, be able to give its customers access to the test certificates for the given batch of the Company's products through the Company's website, but will maintain (for reasons of confidentiality and security) detailed records on the production and path to consumer confidential.

The independent laboratory testing will be of both a sample of raw-materials and the end products. The following, which is based on industry best practice, will be included in the testing regime:

- Cannabinoid profile
- Terpenes
- Residual solvents
- Heavy metals
- Pesticides
- Microbial
- Mycotoxins

The testing method will utilise Ultra Performance Liquid Chromatography (UPLC), which is a more expensive but one of the most accurate methods on the market and which will be performed by an accredited ISO 17025 lab running an accredited THC test. The Company considers this approach is amongst the highest standard applied to these products globally.

The Company has engaged Medic Pro and Fera to conduct this independent laboratory testing of its products.

Medic Pro

Medic Pro Limited is an independent regulatory consultancy that provides compliance and analytical testing services to the pharmaceutical, e-cigarette, cosmetic and cannabinoid industry.²¹

Fera

A trusted partner in the agri-food industry for over 100 years, Fera have brought a wide range of disciplines together in the fields of food, environmental safety and agri-tech including plant, animal and bee health, wildlife and food safety and authenticity that supports the agri-food chain and ultimately protects the consumer.²²

10. Marketing

The Company is making its ecommerce platform available to the general public. In order to make the general public aware of the Company's services, the Company will market primarily through digital channels. The Company envisages that it will advertise on web properties such as Instagram, Pinterest, search engines (through keywords), Amazon and through display advertising on a range of relevant websites.

The Directors believe that there is pent-up demand for a trusted high-end CBD brand, and that such advertising will most effectively target that user base.

High-end skincare

As one of the Company's first products is a premium skin-care item the Company may use a limited amount of advertising in well-known 'glossy' publications such as Vogue, Harper's Bazaar and Porter as a way of cementing the positioning of the product from launch.

Athletic recovery products

The Company's second brand and product range at launch will focus on athletic recovery. The roll-on topical range of varying strength and sizes will be marketed as "precise cannabinoid products that work with your body so you can move better". There will be an emphasis on the purity and consistency of the ingredients and guaranteed absence of controlled cannabinoids achieved via the synthetic manufacturing process and rigorous testing of raw materials and end product. Given the usual behaviours of consumers engaged in regular sport and fitness activities, the Company anticipates a large number of customers of this brand being interested in purchasing via a subscription model.

The Company's approach to advertising and marketing is to be present where customers are. The Directors recognise that customers are increasingly utilising a range of online and offline channels, and therefore there is opportunity to reach the Company's target market through a combination of these channels. The Company considers that a technology and analytics driven approach towards marketing and social media by the Company will provide an efficient, cost-effective way for the Company to advertise to new and existing customers alike, as well as manage and track the effectiveness of marketing spending to enable the Company to effectively target its marketing budget.

The Company will utilise paid and organic channels to increase awareness of the Company's brands and attract new customers. The Company intends to expand marketing efforts to include a variety of paid advertising across digital channels (such as online video, social media, display, search engine marketing, and sponsored content) and offline channels (such as national television commercials, direct mail, podcasts, and radio).

In addition to paid channels, many of the new customers will originate organically—from word-of-mouth and referrals from existing customers, as well as from increasing awareness of the Company's core product offerings over time. The Company will also offer a referral bonus to existing customers, and should the Company be able to retain a high level of non-paid or low-cost customer acquisitions, this will reduce the level of marketing investment required to continue growth. The Company will measure the efficacy of new customer acquisition and will use these two metrics to inform the marketing spend and channel mix.

²¹ <https://www.medicpro.london/>

²² <https://www.fera.co.uk>

In addition, as the Company introduces new categories, brands and products to customers, it will review these new offerings and its core offerings with the goal of providing customers with a one-stop-shop for all of their CBD needs, increasing customer loyalty and driving repeat purchasing. These initiatives contribute to long-term growth, and the Company plans to continue investing in products and services that increase customer purchase frequency, order values, and 'stickiness' of the platform. The Company considers a number of customers will be acquired through the Company's customer referral program, in which certain existing customers may invite others to receive a reduced costs on products.

11. Competition

The Company considers its main competition in the short to medium term will be from premium beauty care brands, medically-led cosmetics and high-end CBD beauty care. A number of companies operating in this sector either already have a product which would compete with the Company's initial product and its intended product range, or are operating in a similar market segment. The Company considers the following companies, in particular, would be in competition with the Company:

Premium Beauty Care

Company	Description	Product Offering
MALIN+GOETZ	MALIN+GOETZ was established in March 2004 to offer traditional apothecary services in a modern way, and now has a presence in New York, Los Angeles, San Francisco, London and Hong Kong.	MALIN+GOETZ focuses on a range of simple skincare products which are distributed through its own website, luxury retailers and hotel, airline and gym partners globally.
La Mer	La Mer started when its founder, Dr. Max Huber, suffered burns in a lab accident, and sought to utilise the revitalising powers of natural ingredients to develop a range of products.	La Mer offers a range of cosmetics derived from Giant Sea Kelp and its extracts. Their products are sold through the company's own website and through retail partnerships with leading department stores such as Harrods, Harvey Nichols, Selfridges and John Lewis, among others.
La Prairie	Dr Paul Niehans commenced work in 1931 on cellular therapy at Clinique La Prairie, and rose to prominence through both his research and treatment of Pope Pius XII. La Prairie offers a range of skincare products based on the Dr Niehans' work at the clinic and in particular his advanced rejuvenation treatments.	La Prairie offers a range of skincare and make-up products which are sold through the company's own website, through retail stores such as Harrods, Harvey Nichols, Selfridges, Fenwick, and John Lewis and high-end hotels and spas such as the Dorchester.
La Maison Valmont	Based on cellular therapy and utilising novel ingredients, La Maison Valmont is a Swiss headquartered cosmetics company.	La Maison Valmont offers a range of skincare and fragrance products, which are available from La Maison Valmont directly or from partner stores and spas.
Sisley	Launching in 1976, Sisley is a high-end cosmetics company which has built its product range by utilising technological advancements and plant-sourced materials.	Sisley offers a range of skincare, make-up and fragrance products which are available in over 100 countries and through its website.

Clarins	Established in Paris in 1954, Clarins is a leading family-built cosmetics company.	Clarins products utilise natural plant extracts to offer a range of products for home and spa use. Clarins products are available online from a number of leading retailers.
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Medically-led Cosmetics

Company	Description	Product Offering
Obagi	Obagi has a 30-year legacy of science and innovation, and focuses on clinical quality formulations that are scientifically backed.	The company offers a range of skincare products which are only available through physicians, medical spas and other skincare professionals.
QMS Medicosmetics	Founded in 1986 by Dr. med. Erich Schulte while working as a surgeon in the field of trauma surgery, QMS started with the premise that the skin's elasticity and appearance could be improved through the use of modern technology to transport the ingredients deep into the skin.	The company offers a range of skincare and cosmetic products which are targeted at specific issues and are scientifically proven. The cosmetics are available both from the company's own website and over 700 locations worldwide.

Premium CBD containing beauty care

Company	Description	Product Offering
Dr. Kerklaan	Founded by Dr. Andrew Kerklaan, a chiropractor, Dr Kerklaan focuses on CBD-containing products designed to aid a number of common issues.	Dr Kerklaan offers a range of CBD-containing products aimed at improving skin condition, sleep, PMS and general wellbeing. The products are available principally through the company's website.
Oto	Oto is a CBD-focused business which aims to help people discover the benefits of CBD through thoughtful and effective products.	Oto offers a range of drinks, skincare, and wellbeing products, which are available through the company's website.
Apothem Labs	Apothem is a CBD-focused company which utilises CBD and botanicals in its range of products. The CBD contained in its products is grown by Apothem in Southern Spain.	Apothem Labs offer a range of drops and body creams containing CBD through its own website and Harvey Nichols.
MGC Derma	MGC Derma is a publicly-traded Australian company focused on cannabinoids. MGC has a licence to grow hemp in Europe which is processed through a highly supervised supply chain before being incorporated in the company's end products.	MGC Derma offers a range of skincare products incorporating CBD, which are available through the Company's website and certain other retailers.

CBD Oil Producers

Company	Description	Product Offering
Kiki Health	Kiki Health is a dietary and beauty product focused business which utilises ethically sourced and processed pure ingredients to produce its products.	Kiki Health offers a range of food supplements, beauty products and superfoods. The products are available from the company's own website and certain other retailers.
Your Zooki	Your Zooki is a natural ingredient focused nutrition company who have a 'clean label' policy of only incorporating natural ingredients and ensure their products are sugar free.	Your Zooki offers a range of CBD Oil drops which can be purchased through the company's website (either on a one-off or subscription basis) or through retailers such as Harrods and Selfridges.
MedTerra	MedTerra is a CBD products business which utilises CBD extracted from industrial Hemp grown in Kentucky.	MedTerra offers a range of wellness products which can be purchased through the company's website.

12. Regulatory treatment

CBD in its pure form is not a controlled drug in the United Kingdom. However, a different regulatory environment exists depending on whether it is synthetic or grown, and the type of product it is included in. In addition, grown CBD gives rise to additional considerations under the Misuse of Drugs Act 1971 and the Proceeds of Crime Act 2002.

Synthetic CBD

As synthetic CBD does not require the growth of Hemp or Cannabis to produce CBD, it does not require the Company to hold and maintain a licence from the Home Office or other regulatory or governmental body. It is created in a 'pure' form, and therefore does not require additional processing to isolate the CBD or to remove impurities.

Cosmetics Regulatory environment

The content of cosmetics products in the European Union is broadly harmonised by virtue of Regulation (EU) 1223/2009 (**EU Cosmetics Regulation**). The EU Cosmetics Regulation was previously directly applicable in the United Kingdom, however following the end of the transition period, the United Kingdom has retained but amended the EU Cosmetics Regulation (**UK Cosmetics Regulation**) and therefore cosmetics marketed in the United Kingdom have to comply with its requirements. Both the UK Cosmetics Regulation and the EU Cosmetics Regulation (together the **Cosmetics Regulations**) prescribe processes for safety assessments and a list of ingredients which cannot be included in cosmetics.

While grown CBD may be incorporated in cosmetics under both the EU Cosmetics Regulation and the UK Cosmetics Regulations, a mismatch between the permissive provisions of the Cosmetics Regulations (which allows CBD extracted from Cannabis leaves) and the requirements of the Misuse of Drugs Act 1971 and Home Office policy (which only permits the mature stalk and fibre) results in only synthetic CBD being permissible in cosmetics in the United Kingdom.

Once formulated, each cosmetic product must undergo a safety assessment by a qualified safety assessor, and once it has passed that assessment, there is a requirement to notify the European Commission of every cosmetic product placed on the market.

As part of the Company's engagement of Arcania Apothecary, Arcania will ensure the Company's products are compliant with the Cosmetics Regulations (as applicable), and that all necessary filing obligations are met.

Grown CBD

The Company is intending to expand upon the initial synthetic CBD business by developing an end-to-end grown CBD production process, starting with growing Hemp under licence in the United Kingdom, through to incorporating the extracted CBD into products or retailing the oil itself.

In order to grow Hemp, the Company will require a licence from the Home Office. Depending on the licence granted and its terms, the Company will extract oils from either the whole plant (if permitted) or selected parts in accordance with the terms of the licence. The extracted oil will then either be refined to extract pure CBD or left as whole CBD oil. The CBD (in the relevant form) will be either packaged or infused into other products for retail sale.

Misuse of Drugs Act 1971 and Misuse of Drugs Regulations 2001

Cannabis (including Hemp) is a controlled drug under the Misuse of Drugs Act 1971, and it is a criminal offence to grow the Cannabis plant, and a range of criminal offences apply to Class B controlled drugs (of which Cannabis, excluding the mature stalk or seeds, is classified), unless authorised pursuant to the terms of a licence issued by the Home Office.

In order to legally grow and process Hemp, which is part of the genus Cannabis, the Company and its suppliers will be required to hold and comply with the terms of a Home Office licence. Home Office policy is to only issue such licences in certain circumstances and with certain conditions attached. The CBD would then be extracted from the Hemp.

The CBD oil, isolate or CBD containing products that the Company proposes to sell would not contain any THC (in the case of synthetic CBD) or measurable amounts of THC (in the case of grown CBD). The Company has engaged independent, third party laboratories to test its existing products, and will apply the same standards to grown CBD products. Each of the Company's products will be batch tested to ensure consistent quality and that each product meets its stated specifications. As the products sold by the Company will not contain any controlled substances under the Misuse of Drugs Act 1971, no licence is required to produce it or offer it for sale.

Novel Foods

While CBD is being infused into a wide range of products, depending on the circumstances, CBD may, however, come within the remit of the Novel Foods Regime. Pursuant to the Novel Food Regulation (EU) 2015/2283 (**Novel Food Regulation**), foods that have not been consumed to a significant degree by humans in the EU before 15 May 1997 are considered a 'novel food' and are controlled in a stricter manner than substances which have been habitually consumed in the EU. If a substance is considered to be a novel food it cannot be released to market until the EU has authorised the substance in accordance with the requirements under the Novel Food Regulation. The EU has determined that CBD has not been habitually consumed in the EU prior to 1997, and therefore has classified it as a novel food within the EU Novel Food Catalogue. While the catalogue does not have legal standing, member states utilise the catalogue to comply with the requirements of the Novel Food Regulation and therefore inclusion of CBD in this catalogue is a significant indication of the likely treatment in the EU under the Novel Food Regulation.

While the UK Food Standards Authority previously indicated that it is committed to finding a proportionate way forward by working with local authorities, businesses and consumers to clarify how to achieve compliance in a proportionate manner, the FSA has now confirmed it is treating CBD containing products for human consumption as novel foods and, as such, a novel food application and resulting authorisation is required. In the meantime, CBD containing products remain widely available, some of which will be relying on the transitional provisions under the Novel Food Regulation to lawfully retail them pending an application for authorisation being submitted and a decision made by the Commission.

Should the Company's future product range include items within the scope of the Novel Food Regulation, the Company would develop the product to be compliant with its requirements and any authorisations made thereunder.

World Anti-Doping Agency

WADA recently clarified in its 2020 Prohibited List that pure CBD is not a prohibited substance for competitive athletes, but notes specifically that '*athletes should be aware that some CBD products extracted from cannabis*

*plants may also contain THC that could result in a positive test for a prohibited cannabinoid*²³. The Company's initial product, along with its future products derived from synthetic CBD, would be suitable for athletes as they do not contain residual contaminants that may affect drug testing results.

Veterinary Medicines

The Company is aware the Veterinary Medicines Directorate (**VMD**) has issued a statement clarifying that CBD products for pets are, in the view of the VMD, within the scope of the Veterinary Medicines Regulations²⁴. Therefore a marketing authorisation is required before CBD containing products for use in animals can be sold in the United Kingdom. Failure to comply with the Veterinary Medicines Regulations is an offence, and the VMD has taken enforcement action against companies who contravene these requirements²⁵. Before the Company expands its product range, the Company will need to explore the requirements of obtaining a UK veterinary marketing authorisation to enable sale of products within this category, and will only enter the market once the Company has complied with applicable law and regulation.

Proceeds of Crime and Money Laundering

The United Kingdom has adopted stringent legislation to identify, confiscate, and prevent proceeds of crime from entering the United Kingdom's financial infrastructure, and the legislation, including the Proceeds of Crime Act 2002 and The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 impose significant criminal penalties, including imprisonment, on individuals and companies who commit money laundering offences. The Company has developed its business to be compliant with applicable law and regulation in the UK, and therefore considers it complies with applicable requirements placed upon it under legislation relating to proceeds of crime and money laundering.

Approach of Regulators

The Home Office's approach to licencing the growth of Cannabis plants has been to require the grower to comply with certain requirements, such as the strain of seed used, the content of the grown plant, and the considerate sighting of the growing location, before a licence can be issued. These requirements are derived from statute and from government policy, and are therefore subject to change in line with revision to legislation and government policy.

Future regulatory environment

There has been particular interest in CBD in the United Kingdom in recent years and, following a number of high-profile cases where children with severe epilepsy were found to have benefited from Cannabis-derived medicine, a shift in public attitudes and a softening of government policy towards the sector. As a result, the policy of government and the nature of future legislation governing the sector may significantly affect the regulation and approach of regulators to the sector. The current status is, however, an early stage of consideration characterised by cautious optimism and the beginning of scientific study of the potential benefit of CBD and other Cannabis-derived products. Therefore there is not a current medical or political consensus as to the benefits (whether medical, societal or otherwise) of CBD or other Cannabis-derived products. Such consensus, or the future results of scientific studies, will necessarily inform the future regulatory regime and therefore the approach of regulators.

Impact on the Company's operations

The Directors consider that the Company's initial product incorporating synthesised CBD offers the Company a simpler and quicker route to market, while the grown CBD infrastructure to be developed provides the Company with an opportunity to ultimately offer a greater range of products and address a wider potential market, however requires the Company to secure registrations, which will take time to procure, and incur costs to develop its business.

The Company's longer term business strategy has been designed to be compliant with applicable law and regulation in force as at 19 February 2021, being the latest practicable date prior to the publication of this document.

23 https://www.wada-ama.org/sites/default/files/wada_2020_english_summary_of_modifications.pdf

24 <https://www.gov.uk/government/news/vmd-statement-on-veterinary-medicinal-products-containing-cannabidiol>

25 <https://www.gov.uk/government/news/animal-medicines-seizure-notice-npd-ventures-ltd-ta-world-of-pets>

The legislative and regulatory environment may change in the medium to long term, and the Company will take any such changes into account when implementing the Company's business strategy, including the development of an end-to-end grown CBD business.

13. Board and Senior Management

The Board is responsible for the Company's objectives and business strategy and its overall supervision. The Board has considerable experience in sales and marketing and will seek to establish the Company's presence in the CBD sector and provide a platform for the Company's growth.

In addition to the Board, the Company's Senior Management have significant experience in marketing/branding and systems development and will utilise this expertise in the development of the Company's business. Further details of the Directors and the Senior Managers' experience is set out in Part II of this document.

14. The Fundraising

The Company has raised gross proceeds of £13,000,000 pursuant to the Fundraising. The net proceeds of the Fundraising, which are estimated to be £11,838,110, will be used to meet the Company's operating costs after Admission and to develop the Company's business as set out in this Part I and as more particularly set out in the use of Net Proceeds section at paragraph 20 of this Part I. Further details of the Fundraising are set out in Part III of this document.

15. Directors, Senior Management and Staff

The Company's initial staff will be the Directors and the Senior Managers. The Company's Directors comprise Peter Wall, the Company's non-executive Chairman; Alexis Abraham, the Company's CEO; Simon Walters, the Company's Finance Director; Eric Chang, the Company's COO; and Darcy Taylor, David Gardner and Ross Connolly, as non-executive directors. In addition, the Company has hired Alexia Blake as the Company's Head of Research and Product Development and Sara Hemming as the Company's Creative Director. Prior to his engagement as a director of the Company, Mr Abraham had been engaged by the Company as a consultant.

The Company envisages that it will need to develop its own operations, development and marketing teams, and should the Company expands its geographical focus outside of the United Kingdom, hire certain in-house country managers and senior staff to manage operations in each such jurisdiction.

Details of the Directors and Senior Management and their respective experience are set out in Part II of this document.

Employees

The Company believes that it currently has sufficient staff but will need to recruit appropriate staff to enable the Company to deliver its business in the longer term, particularly around the commercial launch of the Company's platform. As the Company's operations increase, the Company will review its staffing requirements and may engage further staff either directly or via a third party to enable the Company to achieve its business and operational objectives from time to time.

Consultants

The Company has engaged the following consultants to provide assistance to the Company in their respective areas of expertise:

Daniel Weil – Brand and Marketing

Daniel was the professor of industrial design, vehicle design and design management at the Royal College of Art. He was a unit master for the Architectural Association and a partner of Pentagram for 28 years.

Etan Bendheim – Synthetic Cannabinoids

Etan is the President of Lavvan – a leader in the natural cannabinoid ingredients space. Lavvan uses its advanced cellular agriculture platform which supplies cannabinoids with unparalleled purity, consistency, potency and sustainability to serve a range of industries including health, beauty, food and beverage and pharmaceuticals. Prior to Lavvan, Etan was at Phibro Animal Health and UBS.

Myles Palmer – Web designer

Myles Palmer is a Digital Director who has worked with a number of leading brands in the luxury, fashion and cultural sectors. During his time at various design studios, he has worked with clients such as David Beckham, IVY PARK, SPACE10, Manolo Blahnik, LOVE Magazine, Magnum Photos and more. He founded the digital product design studio Companion in 2020, where he works with start-ups and established brands to create digital products, services and tools.

Istok Nahtigal – Scientific/ Technical Lead

Istok is a Chartered Chemist specialising in supercritical fluid technology and applications. As one of the early members of LAVVAN and MedReleaf Corp, he developed a distinctive extraction process technology, purpose-built extractors, and invented cannabinoid purification intellectual property. Prior to LAVVAN, he was a Process Scientist at Bioniche Life Sciences, leading the group in evolving novel fermentation and downstream purification schemes.

16. Contracts

16.1 In order to give effect to its business plan, the Company has entered into term sheets or agreements with the following parties for the supply of CBD, and with a CMO for manufacturing of the Company's beauty-care products:

- (a) Purisys LLC (www.purisys.com) – Purisys is an ingredient and solutions provider to pharmaceutical and consumer products companies exploring cannabidiol (CBD) and other cannabinoid-based ingredients. Purisys brings the industry's longest track record and broadest offering in the cannabinoid space, producing all major and minor cannabinoids (>50), as well as degradants, metabolites and analytical reference standards. The Company will contract with Purisys to supply synthetic CBD for its products.
- (b) Lygos Inc. (www.lygos.com) - Lygos provides a high-performance alternative to agricultural-based cannabinoid production. The Company will contract with Lygos to supply synthetic and/or biosynthetic derived cannabinoids for its products.
- (c) Demetrix, Inc. (www.demetrixbio.com/) – Demetrix works to make nature's rare ingredients readily accessible by combining baker's yeast and fermentation with advanced science and automation, Demetrix is able to produce complex, sustainable ingredients at high purity and low cost. Demetrix was founded in 2015. Since then, it has built a state-of-the-art research and development centre.
- (d) Willow Biosciences, Inc. (<https://www.willowbio.com/>) (TSX: WLLW) – Willow has developed scalable bio-synthesis processes to produce a range of cannabinoids at high purity and low costs for inclusion in consumer packaged goods and pharmaceutical companies.
- (e) Arcania Apothecary (www.arcaniaapothecary.uk.com) – Arcania is a UK leader in cosmetic science and perfume innovation. Founded over 20 years ago by Richard Howard, a well-respected brand innovator and cosmetics formulator the Company provides a suite of outsourced formulation services that cover initial formulation and testing, manufacturing, logistic services, distribution and packaging. The Company intends to use all of these services for the creation and operations for the product.

16.2 The Company will also engage marketing and communications specialists to drive demand for and awareness of the Company's brands and product and implement the platform on which customers will make purchases and engage with the Company.

16.3 Further details of the Company's material contracts are set out in paragraph 12 of Part VII of this document.

17. Progress to Revenue Generation

In order to offer its products to the public, the Company will need to further develop its brands, develop a marketing and advertising strategy and implement it, negotiate sales contracts with a number of premium retail stores, and formulate, test, and manufacture the Company's first beauty-care products. Therefore, the Company has identified four milestones to revenue generation:

- **Brand milestone**

Under the direction of creative director Sara Hemming, the Company has engaged Three60 (<http://three60.com.au>) to further develop the existing visual identity, tone of voice, and communications idea for the Company's brands and products. The brands will be implemented across all interactions with the Company's customers and target market including marketing collateral, packaging, website and point of sale.

The Company is targeting marketing channels predominantly on digital properties and prioritising those which produce the greatest customer engagement and return on investment. The Company will continue to review its marketing spend on a monthly basis.

The Company will engage a full service PR and marketing firm to manage the Company's communication messaging and manage media enquiries so as to ensure consistent messaging across all of the Company's media channels and engagement.

- **Public demand milestone**

Together with Three60 and Sara Hemming, the Company will apply the brands to each respective pre-order landing page where members of the public can indicate their desire to purchase the product on release. They will be required to pay a 10% deposit (anticipated to be less than £10 in total) by credit or debit card and validate that they are aged 18 or over. Traffic to the Company's websites and interest in the Company's products will be driven through the activities of Three60 and Sara Hemming across digital platforms and the peer to peer sharing and promotion engendered by the campaign. A consumer research campaign will dovetail with this to create both invaluable insight and give customers a sense of ownership of the product when launched.

- **Retailer demand milestone**

The Company has engaged a retail sales specialist to negotiate, grow and manage sales relationships with premium physical retailers such as Selfridges, Harrods, Harvey Nichols, and may choose to expand this to include the new high-traffic premium online 'department stores' such as Net-a-Porter and Escentual.com. Physical retailer sales will reinforce customer recall and confidence in the brands and recognition and trust in the Company's products.

- **Product milestone**

The Company has been working on the formulation and development of the first beauty-care product and a range of athletic recovery products, and is looking to develop the Company's subsequent range. Together with the contract manufacturer, Arcania, the initial products will be formulated, tested and manufactured at scale including as the main active ingredient CBD sourced from the Company's CBD suppliers. Once additionally independently tested and certified to ensure legal and appropriate cannabinoid content, the product will be shipped to consumers and retailers.

The Company anticipates completing these milestones and launching the Company's products to consumers within six months of Admission.

18. Expected Growth

The Directors anticipate that the Company's initial revenue will derive from sales of the Company's initial product, a CBD-containing face mask and serum and a CBD-infused roll-on gel. As the Company continues to develop and adds product lines and verticals, the Company believes its revenue streams will diversify to include additional sources of revenue derived from these additional ranges.

Within six months of Admission, the Company envisages it will have acquired 10,000 customers who are regularly purchasing the Company's product(s) on an ad hoc or subscription basis. The Company estimates this will increase to 25,000 customers actively using the platform within 12 months of launch of its first product. Over the first three years following Admission, and assuming continued increase in the facilities made available through the Company's platform and the Directors' estimates of annual growth, the Company expects to have 250,000 active customers.

The Company has based these expectations on its analysis of:

- the size of the global cosmetics market;
- the UK's position within the top 20 economies in the world and the bias towards developed countries for luxury goods such as skincare;
- the proportion of the cosmetics market which is represented by the skincare segment;
- the Company's anticipated marketing spending and reach;
- the costs of marketing and customer acquisition, and their corresponding conversion rates; and
- the retention and churn of the Company's anticipated customer base.

In preparing its analysis, the Company has had regard to the trends seen within the wider cosmetics market and the activities of other consumer focused start-up and early-stage businesses which have sought to develop market share for new or innovative products. The Company considers these market comparators provide a reasonable basis for the assumptions outlined above.

19. Key Assumptions

The Company anticipates that there will be continued demand in both the short and longer term for the Company's products and it has assumed that:

1. Adoption of CBD will continue to grow over the long term

The Directors believe that the CBD products market will continue to grow over time.

2. If regulated, CBD and the CBD product sector will be regulated in such a way that allows the company to continue to operate in the jurisdictions where the Company operates

The Directors believe that governments and regulators are currently reviewing and will continue to keep under review their legislative approach to and regulatory regime regarding CBD, and may well introduce new laws and regulations governing, amongst other things, the availability, growing specification and purity of the product. The Directors believe that any legal or regulatory regimes introduced will seek to promote higher standards of conduct for CBD products as opposed to amounting to an outright ban on UK-based CBD products which would have an impact on trading activities and therefore the Company's core business.

3. Key partnerships with third parties will be implemented as anticipated

The Company intends to work closely with third parties to achieve the Company's business objectives and therefore will enter into definitive agreements with third parties to govern the relationships between the Company and the relevant third party. Furthermore, the Company will be reliant upon the prompt and complete performance by third parties of their obligations to the Company.

20. Use of proceeds, key assumptions and sensitivity analysis

Use of proceeds

The Company expects to raise gross proceeds of £13,000,000 from the Fundraising. The total costs of the Fundraising and Admission will be paid by the Company so the net proceeds will be £11,838,110. The Net Proceeds will be used in fulfilment of the Company's strategy (as set out in paragraph 4 of Part I) as follows in the 24 months following Admission:

Expenses	Estimated amount in first 12 months	Estimated amount in second 12 months	Total in first 24 months
	£	£	£
<i>Product Costs (COGS)</i>	127,878	1,716,558	1,844,436
<i>Operations and Head Office Costs</i>	1,155,367	1,566,882	2,722,250
<i>Marketing Costs</i>	691,941	1,903,862	2,595,833
<i>Development Costs</i>	317,048	517,160	834,208

<i>Working Capital</i>	196,920	(146,531)	50,388
TOTAL	2,489,154	5,557,960	8,047,155

Key assumptions

The above table showing the use of proceeds anticipates that:

1. the expenses of the Fundraising will be £1,161,890 plus VAT as applicable;
2. in the first 12 months the Company will have one office in the UK;
3. additional staff will be required mainly in areas such as development and operations in the second 12 months; and
4. the Company will launch its products and website in the first six months after Admission;
5. user uptake will be as predicted by the Company and set out in this document;
6. demand for products containing CBD continues to grow; and
7. there is no material adverse change in law or regulation or approach of regulators that would adversely affect the Company's operations.

Sensitivity Analysis

Regulatory oversight

The Company believes that regulatory attitudes in the UK to CBD will change over time. The ability to offer CBD-related products for retail sale may, in the future, be regulated in a way that does not allow the Company to continue to operate in the jurisdictions where the Company intends to operate.

On an ongoing basis, but particularly as the regulatory approach from particular countries becomes clearer, the Company will look at other ways to mitigate this risk.

Slowing CBD growth

The Company believes that the continuing expansion of the CBD-based products market, will drive take-up of its products and ensure that the Company meets its objectives. The Company also believes that there will be opportunities for the Company's services even as growth in CBD may falter. Slower growth in the market may favour differentiated products and cause less well funded competitors to reduce their operations or exit the market and may inhibit newer competitors from entering the market at this time, thereby providing the Company with a greater opportunity.

Lack of take-up of the service & risk of operating an ecommerce platform

The Company may not be able to achieve its targets if there is significantly lower demand for its products than expected. In addition, the Company cannot be certain that its platform will be well received by customers or that the Company will be able to develop offers and products quickly enough to adapt to changes in market trends and the demands of clients. Even if it does, such changes may require the appointment or recruitment of additional staff with appropriate experience at additional expense.

Subscription-based ecommerce platforms may not succeed due to competition in the market. An inability to attract clients or charge competitive but profitable subscription fees may cause revenues to decline and, as a result, the Company may be unable to achieve its growth targets.

The Company, however, believes that it will be able to control its costs to a certain extent as its main expenditure will be in respect of employed staff and contractors and its CBD suppliers, production and technology partners with fixed terms and fees. The Company also anticipates that it will be able to change or re-price its offerings to meet customer demand or market circumstances

PART II
DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. The Board and the Directors

The Board currently comprises seven Directors, who collectively have extensive experience and a proven track record in investment, corporate finance and business acquisition, operation and development in the digital trading platform sector and are well placed to implement the Company's business objective and strategy. Any further appointments to the Board would be made after due consideration of the Company's requirements and to the availability of candidates with the requisite skills and, where applicable, depth of sector experience. The Company will not be externally managed, and the Board will have full responsibility for its activities.

Details of the Directors are set out below:

Peter Wall, Non-Executive Chairman (Age 44)

Peter is a technology and cannabis entrepreneur. He has a history of 'firsts' across various industries, including being a core team member of Argo Blockchain PLC, the LSE's first cryptoasset company listing; founding Hubud, Bali's first co-working space; and launching Wildflowers, one of the first Canadian meditation apps.

Alexis Abraham, Chief Executive Officer (Age 39)

Alexis has worked for two decades in strategic branding, communications, and internet-enabled businesses. He founded a diverse pair of consumer-tech solutions: the leading specialist stationery platform in the UK, and a disruptor of the theatre ticketing market in South Africa. At design agency Pentagram, he worked with the Savoy Hotel, Dorchester Collection, Mothercare, and software pioneer Thoughtworks among other global clients.

Eric Chang, Chief Operating Officer (Age 42)

Eric is an experienced pharmaceutical/healthcare executive with management and business development experience. He began his career at Vancouver Coastal Health followed by a management role at Health Canada. Eric led the Clinical Services and BD teams in Western Canada for AmerisourceBergen and Shoppers Drug Mart Specialty Health Network.

Simon Walters, Finance Director (Age 57)

Simon qualified as a chartered accountant and worked in corporate finance. He then joined Fuller Peiser as Finance Partner, before becoming FD of the Molyneux property group with its controlling interest in a listed PLC. Simon has also been a non-executive director of AIM-quoted Bilston & Battersea Enamels plc; FD of the Fish! chain of restaurants; a director of NetFM, an internet radio station; FD of AIM-quoted AFC Energy plc and Neville Porter plc; and FD of main market-listed OTAQ plc.

Darcy Taylor, Non-Executive Director (Age 52)

Darcy has over 20 years of senior experience building companies and brands in Asia, Europe and North America. He has a proven track record in C-suite and senior leadership roles at IMG Canada (now Endeavor LLC), Logic Technologies Inc, JT International S.A. and MASEV Communications Inc. His experience spans corporate, agency, and entrepreneurial environments. Currently Darcy is CEO of LEAF Mobile Inc., a publicly listed company on the Toronto Stock Exchange (TSX:LEAF).

David Gardner, Non-Executive Director (Age 43)

David is Managing Director of DB Ventures Limited, overseeing David Beckham's commercial businesses, partnerships and global brand management. He is a director of businesses in David Beckham's portfolio including the Seven Global joint venture with Global Brands Group and Studio 99, the content studio and production company. He is helping to grow Inter Miami CF, the MLS franchise in which Beckham is a co-owner.

Ross Connolly, Non-Executive Director (Age 37)

Ross has worked in sports and entertainment for over ten years. At CAA he joined their sports talent and property sales group, tasked with building the talent offering. Key client signings included Harry Kane, Philippe Coutinho and Nico Rosberg. After three years at CAA, Ross joined KIN to run their commercial partnerships team, managing

high-profile clients Neymar Jr, Chelsea FC and Inter Miami CF. His work with David Beckham's management team led to his move to DB Ventures as Commercial Director.

Further details of Directors' service agreements and letters of appointments (as applicable) are set out in paragraph 10.5 of Part VII: Additional information of this document.

2. Senior Management

Alexia Blake, Head of Research and Product Development

Alexia Blake is a pioneer in the cannabis industry with a proven track record of developing efficacious products based on science and clinical evidence. Leveraging her food industry experience, she began her career in the cannabis space at MedReleaf Corp, one of the first Canadian producers of medical cannabis to receive a license from Health Canada. During her time there, she led the development of premium medical cannabis products, including the first oil-filled capsules and topical cream available in the market. While at MedReleaf, the company became one of the largest global producers of legal cannabis and was eventually acquired in 2018 by Aurora for US\$2.5 billion. Alexia led the development of Aurora's global CBD portfolio for the health and wellness market before joining LAVVAN Inc, a leading pioneer focused on commercialising high-quality cannabinoid ingredients produced using synthetic biology for the health, beauty, food, beverage and pharmaceutical markets.

Sara Hemming, Creative Director

Sara Hemming's previous employment includes Global Visual Director of Stella McCartney and Creative Director and partner of DJA, working with clients such as Prada, Dior, Rag & Bone, and Another Magazine. In 2016 she started her own studio Sara Hemming Studio with ongoing brand collaborations in the luxury and lifestyle realms including Joseph, Jimmy Choo and Barbara Sturm. She is also the Creative Director for David Beckham.

Further details of Senior Management's service agreements and letters of appointments (as applicable) are set out in paragraph 10.5 of Part VII: Additional information of this document.

3. Independence of the Board

None of the Directors are considered to be "independent" (using the definition set out in the FRC Corporate Governance Code). It is intended that additional directors, both executive and non-executive, will be appointed at such time as the Board considers fit and that independence will be one of the factors taken into account at that time. In particular, the Company will consider the appointment of an independent non-executive Chairman once the Company's operations and activities have reached an appropriate size.

4. Strategic decisions

The Board is responsible for the Company's objectives and business strategy and its overall supervision. Acquisition, divestment and other strategic decisions will all be considered and determined by the Board.

The Board will provide leadership within a framework of appropriate and effective controls. The Board will set up, operate and monitor the corporate governance values of the Company, and will have overall responsibility for setting the Company's strategic aims, defining the business objective, managing the financial and operational resources of the Company and reviewing the performance of the officers and management of the Company's business. The Board will take appropriate steps to ensure that the Company complies with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules and (notwithstanding that they only apply to companies with a Premium Listing) the Premium Listing Principles as set out in Chapter 7 of the Listing Rules.

5. Corporate governance

On 19 February 2021 the Company entered into a relationship agreement with Durban Holdings Ltd pursuant to which the Company and Durban agreed certain matters, including but not limited to undertakings from Durban to ensure that the Company will be capable at all times of carrying on its business independently of the influence from Durban, and granting Durban the right to nominate a representative to the board of the Company for so long as it owns at least 15% of the issued share capital of the Company.

As a company with a Standard Listing, the Company is not required to comply with the provisions of the Corporate Governance Code published by the Financial Reporting Council (**FRC Corporate Governance Code**). The

Company notes that it will not undertake the following steps required by the FRC Corporate Governance Code in that:

- given the size of the Board and the Company's current status, certain provisions of the FRC Corporate Governance Code (in particular the provisions relating to the composition of the Board and the division of responsibilities between the Chairman and chief executive and executive compensation), are not being complied with by the Company as the Board considers these provisions to be inapplicable to the Company;
- the Company will not initially have separate audit and risk, nominations or remuneration committees. The Board as a whole will instead review audit and risk matters, as well as the Board's size, structure and composition and the scale and structure of the Directors' fees, taking into account the interests of Shareholders and the performance of the Company, and will take responsibility for the appointment of auditors and payment of their audit fee, monitor and review the integrity of the Company's financial statements and take responsibility for any formal announcements on the Company's financial performance;
- the FRC Corporate Governance Code recommends the submission of all directors for re-election at annual intervals. None of the Directors will be required to be submitted for re-election until the first annual general meeting of the Company; and
- the Board does not comply with the provision of the FRC Corporate Governance Code that at least half of the Board, excluding the Chairman, should comprise non-executive directors determined by the Board to be independent. In addition, the Company has not appointed a senior independent director. The Company intends to appoint additional independent non-executive directors in the future so that the Board complies with these provisions.

However, in the interests of observing best practice on corporate governance, the Company intends to comply with the provisions of the Corporate Governance Code published by the Quoted Companies Alliance (**QCA Corporate Governance Code**) insofar as is appropriate having regard to the size and nature of the Company and the size and composition of the Board.

The Company's Standard Listing means that it is also not required to comply with those provisions of the Listing Rules which only apply to companies on the Premium List. The FCA, in its capacity as UK Listing Authority, will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply. However, the FCA would be able to impose sanctions for non-compliance where the statements in this Prospectus are themselves misleading, false or deceptive.

6. Conflicts of interest

General

Potential areas for Directors' conflicts of interest in relation to the Company include:

- the Directors are required to commit a limited amount of time to the Company's affairs and, accordingly, they may have conflicts of interest in allocating management time among various business activities;
- in the course of their other business activities, the Directors may become aware of investment and business opportunities which may be appropriate for presentation to the Company as well as the other entities with which they are affiliated. They may have conflicts of interest in determining to which entity a particular business opportunity should be presented;
- the Directors are or may in the future become affiliated with entities, including other special purpose acquisition vehicles, engaged in business activities similar to those intended to be conducted by the Company, which may include entities with a focus on target companies or businesses similar to those being sought by the Company; and
- the Directors may have a conflict of interest with respect to evaluating a particular acquisition opportunity if the retention or resignation of any of the Directors were included by a target company or business as a condition to any agreement with respect to the acquisition.

Accordingly, as a result of these multiple business affiliations, each of the Directors may have similar legal obligations to present business opportunities to multiple entities. In addition, conflicts of interest may arise when the Board evaluates a particular business opportunity.

The Directors have, or may come to have, other fiduciary obligations, including to other companies on whose board of directors they presently sit or to other companies whose board of directors they may join in the future. To the extent that they identify business opportunities that may be suitable for the Company or other companies on whose board of directors they may sit, the Directors will honour any pre-existing fiduciary obligations ahead of their obligations to the Company. Accordingly, they may refrain from presenting certain opportunities to the Company that come to their attention in the performance of their duties as directors of such other entities unless the other companies have declined to accept such opportunities or clearly lack the resources to take advantage of such opportunities.

Additionally, the Directors may become aware of business opportunities that may be appropriate for presentation to the Company as well as the other entities with which they are or may be affiliated.

7. Committee Terms of Reference

The Company has adopted terms of reference for the following committees and will establish them once the Board considers they are appropriate, having regard to (amongst other factors) the Company's nature, size and complexity.

Audit and Risk Committee terms of reference

Once established, the Audit and Risk Committee will have responsibility for, among other things, the monitoring of the financial integrity of the Company's financial statements and the involvement of its auditors in that process. It will focus in particular on compliance with accounting policies and ensuring that an effective system of internal financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

The Audit and Risk Committee will also be responsible for managing risk and ensuring that the Company has appropriate internal controls and risk management systems, and shall ensure that appropriate whistleblowing procedures are in place.

Once established, the committee will normally meet at least twice a year at the appropriate times in the reporting and audit cycle. The responsibilities of the committee covered in its terms of reference include external audit, internal audit, financial reporting and internal controls.

Remuneration committee terms of reference

Once established, the Remuneration Committee will have responsibility, subject to any necessary Shareholder approval, for the determination of the terms and conditions of employment, remuneration and benefits of each of the executive directors and certain other senior executives, including pension rights and any compensation payments. It also recommends and monitors the level and structure of remuneration for senior management and the implementation of share option or other performance-related schemes.

Once established, the committee will meet at least once a year. The responsibilities of the committee covered in its terms of reference include determining and monitoring policy on and setting levels of remuneration, termination, performance-related pay, pension arrangements, reporting and disclosure, share incentive plans and the appointment of remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its responsibilities.

8. Share dealing code and social media policy

The Company has adopted a share dealing code consistent with the provisions of the Market Abuse Regulation.

The Company has also adopted a social media policy, which has been communicated to the Directors, Senior Management and employees of the Company. In addition, and so as to enable the Company to manage its social media messaging and to ensure compliance with its social media policy, the Company has implemented a third party software solution which enables certain controls over access to and posting of messages on social media.

The Company has implemented this so as to require multiple sign off prior to a message or content being released, providing the ability to review and approve messages, posts and content prior to release.

9. Market Abuse Regulation

The Company has adopted policies and procedures so as to manage and control inside information, and to avoid the unlawful disclosure of inside information. The Company, the Directors and Senior Management are aware of their obligations under the Market Abuse Regulation, and the Company has adopted a share dealing code consistent with the provisions of the Market Abuse Regulation and a social media policy as set out in paragraph 8 of this Part II.

The Company has included confidentiality obligations within its contracts with its Directors, the Senior Manager and employees, and has ensured that each person is aware of their responsibilities under the Market Abuse Regulation. In addition, the Company has taken practical steps to prevent the unauthorised access to information, primarily through restricting access to inside information to those required to have knowledge of it and by seeking to ensure the security of its information technology systems. Where the Company deals with a third party and such third party will have access to inside information, the Company will require the third party to adhere to confidentiality obligations in relation to inside information, and will make such party aware of their obligations under the Market Abuse Regulation.

The Company has retained professional advisors to assist it with marketing and communications, and all marketing and communications will be approved by the Company prior to their release. Where inside information is to be disclosed, the Company will seek such professional advice as it considers is required in all the circumstances to ensure that inside information is correctly managed and released to the market.

The Company is aware that, in the course of their duties, those individuals engaged by the Company may come to possess inside information. Where such individuals are no longer engaged by the Company, the inside information to which they are or have been privy remains confidential under the terms of their engagement, in addition to their obligations under the Market Abuse Regulation. In order to manage inside information, the Company will seek to make such announcements as is appropriate so as to disclose to the market inside information, and considers the publication of this document to release to the market such inside information as may have been known to parties formerly engaged by the Company prior to its publication.

10. Lock-in agreements

The Directors, the Senior Managers and certain of the Company's early shareholders, who in aggregate will hold 164,100,000 Ordinary Shares on Admission, have undertaken to the Company and Tennyson that, other than in certain limited circumstances (such as disposals pursuant to a takeover of the Company, a court order or the death of a Director), they will not, and will procure that any associated party will not, dispose of any interest they hold in the respective Ordinary Shares for 12 months from Admission.

Shareholders who in aggregate will hold 91,160,000 Ordinary Shares on Admission, have undertaken to the Company and Tennyson that except in certain limited circumstances (such as disposals pursuant to a takeover of the Company, a court order or the death of a Director) or with the consent of Tennyson, they will not, and will procure that any associated party will not, dispose of any interest they hold in the respective Ordinary Shares for six months from Admission

Further details of the lock-in agreements are set out in paragraph 12.9 of Part VII.

In addition, holders of certain warrants have undertaken to the Company that, other than in certain limited circumstances, they will not dispose of any interest they hold in the Ordinary Shares to be acquired by them for a period of 12 months from Admission (as set out in paragraph 4.17 of Part VII).

11. Share Option Schemes

As at the date of this document, the Company has not adopted a share option scheme. However, it intends to do so following Admission.

12. Warrants

The Company has issued warrants over 29,000,000 Ordinary Shares to Directors and Senior Managers which remain outstanding, some of which are conditional upon Admission, pursuant to the Warrant Instrument. Details of the Warrant Instrument are set out in paragraph 4.17 of Part VII and details of the grants to the Directors and Senior Managers are set out in paragraph 10.2 of Part VII.

PART III THE FUNDRAISING

Description of the Fundraising

Conditional on (ii) Admission (ii) the Placing Agreement becoming unconditional in all respects and (iii) the completion of the Intermediaries Offer, under the Fundraising, gross proceeds of £13,000,000 before expenses have been raised and 260,000,000 New Ordinary Shares have been subscribed by, and will, be issued to, investors at the Placing Price of five pence per New Ordinary Share. Net of the cash expenses of Admission (expected to be approximately £1,161,890 including irrecoverable VAT), this will be approximately £11,838,000. Participants in the Placing have entered into binding commitments to participate in the Placing, and participants in the Intermediaries Offer have entered into binding commitments to participate through PrimaryBid and the gross proceeds will be released to the Company following and subject to Admission. The Fundraising and Admission will only be completed if a minimum of £8,000,000 is raised. If the Fundraising and Admission do not proceed, funds will be returned to investors without interest.

The Company intends to apply the Net Proceeds in pursuit of the objective set out in paragraph 4 of Part I and in accordance with paragraph 20 of Part I of this document.

The Fundraising has been offered to investors in the United Kingdom and certain other jurisdictions through (i) the Company's brokers Tennyson and Novum (ii) through PrimaryBid as an Intermediary and (iii) in certain instances, directly by the Company pursuant to subscription letters on substantially similar terms. The Fundraising is conditional on, among other things, Admission occurring on or prior to 26 February 2021 (or such later time and/or date as may be agreed, being not later than 31 March 2021) and the Placing Agreement not having been terminated prior to Admission. Subject to those conditions, each investor under the Fundraising has irrevocably agreed to acquire those New Ordinary Shares allocated to it under (i) its placing letter or (ii) its subscription through Intermediaries such as PrimaryBid or (iii) subscription letter. Each investor will be required to undertake to pay the Placing Price for the New Ordinary Shares issued to such investor in such manner as shall be directed by Tennyson, Novum, PrimaryBid or the Company, as applicable.

The completion of the Fundraising is conditional on (i) Admission taking place and (ii) the Placing Agreement becoming unconditional. If the Placing Agreement does not become unconditional or Admission does not occur for any reason, any monies received will be returned without interest. The Fundraising is not being underwritten, and no entities have given a firm commitment to act as intermediaries in secondary trading or to provide liquidity through bid and offer rates nor are any stabilisation mechanisms in place in respect of the Ordinary Shares. There are no over-allotment facilities or 'green shoe' in existence in respect of the Fundraising and Admission. Multiple subscriptions from one party will be aggregated and considered one subscription.

Confirmation of the completion of the Fundraising will be announced via an RNS on Admission, which is expected to take place at 8.00 a.m. on 26 February 2021 (or such later date as may be agreed by the Company, Tennyson and Novum being not later than 8.00 a.m. on 31 March 2021).

The New Ordinary Shares have been made available to institutional and certain non-institutional investors in the UK and certain other jurisdictions. In accordance with Listing Rule 14.2.2, at Admission at least 25% of the Ordinary Shares of this listed class will be in public hands (as defined in the Listing Rules).

All New Ordinary Shares issued pursuant to the Fundraising will be issued, payable in full, at the Placing Price. The New Ordinary Shares issued pursuant to the Fundraising will be issued in registered form. It is expected that the New Ordinary Shares will be issued pursuant to the Fundraising on 26 February 2021.

Intermediaries Offer

The Intermediaries Offer is being made to retail investors in the United Kingdom. Individuals who are aged 18 or over, companies and other bodies corporate, partnerships, trusts, associations and other unincorporated organisations are permitted to apply to subscribe for or purchase Intermediaries Offer Shares in the Intermediaries Offer. Individuals aged between 16 and 18 may apply to subscribe for New Ordinary Shares in the Intermediaries Offer through an Intermediary only if such Intermediaries Offer Shares are to be held in a Junior ISA.

There is a minimum application amount of £100 per retail investor in the Intermediaries Offer. There is no maximum application amount in the Intermediaries Offer. Applications under the Intermediaries Offer must be by reference to the total monetary amount the underlying applicant wishes to invest and not by reference to a number of Intermediaries Offer Shares. No Intermediaries Offer Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom, except in certain limited circumstances and with the consent of the Board.

An application for Intermediaries Offer Shares in the Intermediaries Offer means that the underlying applicant agrees to acquire the relevant Intermediaries Offer Shares at the Placing Price. Each underlying applicant must comply with the appropriate money laundering checks required by the relevant Intermediary. Where an application is not accepted or there are insufficient Intermediaries Offer Shares available to satisfy an application in full, allocations of Intermediaries Offer Shares may be scaled down to an aggregate value which is less than that applied for. The relevant Intermediary will be obliged to refund the underlying applicant as required and all such refunds will be in accordance with the terms provided by the Intermediary to the underlying applicant. Neither the Company nor the Intermediaries accept any responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Each Intermediary has agreed, or will on appointment agree, to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries Offer on market standard terms, and may provide for the payment of commission to any Intermediary.

Intermediaries may charge retail investors a fee for buying or holding the allocated Intermediaries Offer Shares for them (including any fees relating to the opening of an individual savings account or a self-invested personal pension for that purpose) provided that the Intermediary has disclosed the fees and terms and conditions of providing those services to the retail investor prior to the underlying application being made.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom, subject to the terms of the Intermediaries Terms and Conditions. Any such materials, information or advice are solely the responsibility of the Intermediaries and will not be reviewed or approved by the Company. Any liability relating to such documents will be for the Intermediaries only. Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent. If a retail investor asks an Intermediary for a copy of this document in printed form, that Intermediary must send (in hard copy or via an email attachment or web link) this document to that retail investor at the expense of that Intermediary. Intermediaries are required to provide the terms and conditions of the relevant offer made by the Intermediary to any prospective investor who has expressed an interest in participating in the Intermediaries Offer.

Each Intermediary will be informed by approximately 9.00 p.m. on 22 February 2021 of the aggregate number of New Ordinary Shares allocated to their underlying clients (or to the Intermediaries themselves) and the total amount payable in respect thereof. The aggregate allocation of New Ordinary Shares as between the Placing and the Intermediaries Offer will be determined as described above. The allocation policy for the Intermediaries Offer will be determined by the Company. Each Intermediary will be required to apply the allocation policy to each of its underlying applications from retail investors. The allocation policy will be made available to Intermediaries prior to the commencement of conditional dealings in the new Ordinary Shares.

Pursuant to the Intermediaries Terms and Conditions, the Intermediaries have undertaken to make payment on their own behalf (not on behalf of any other person) of the consideration for the Intermediaries Offer Shares allocated, at the Placing Price, in accordance with details to be communicated on or after the time of allocation, by means of CREST against the delivery of the Ordinary Shares at the time and/or date set out in the section entitled

“Expected Timetable” as may be agreed by the Company and the Intermediaries. Each retail investor who applies for Intermediaries Offer Shares in the Intermediaries Offer through an Intermediary shall, by submitting an application to such Intermediary, be required to agree that it must not rely, and will not rely, on any information or representation other than as contained in this document or any supplement to this document published by the Company prior to Admission. Each Intermediary acknowledges that neither the Company nor the Joint Brokers will have any liability to the Intermediary or any retail investor for any such other information or representation not contained in this document or any supplement to this document published by the Company prior to Admission.

The publication of this document and/or any supplementary prospectus and any actions or statements of the Company, the Joint Brokers, the Intermediaries or other persons in connection with the Intermediaries Offer should not be taken as any representation or assurance as to the basis on which the number of Intermediaries Offer Shares to be offered under the Intermediaries Offer or allocations within the Intermediaries Offer will be determined and all liabilities for any such action or statement are hereby disclaimed by the Company, the Joint Brokers and the Intermediaries.

Equity commitment of the Directors, major shareholders and significant investors

The following table sets out, to the extent known to the Company, commitments under the Fundraising made by major Shareholders, members of the Company’s management, supervisory or administrative bodies, and investor commitments for more than 5% of the New Ordinary Shares (assuming the maximum number of New Ordinary Shares are issued):

Name	New Ordinary Shares being subscribed for in the Fundraising	Percentage of New Ordinary Shares being subscribed for	Percentage of Ordinary Shares held at Admission
Lombard Odier Asset Management (Europe) Limited	25,000,000	9.6%	5.0%
Alexis Abraham	2,000,000	0.8%	3.7%
Peter Wall	1,000,000	0.4%	0.2%

Brokers

Tennyson is one of the Company’s brokers and is a division of Shard Capital Partners LLP. The Tennyson team has worked closely together for 15 years and raised over US\$15bn of equity capital for small & mid-sized companies over this time – primarily in the oil & gas, mining, technology and FMCG sectors

Novum is the other of the Company’s brokers. Novum offers a wide range of corporate advisory and broking services for a growing number of public and private companies.

PrimaryBid is a platform which permits individuals to join corporate fundraisings on equal terms as institutional investors. It works in partnership with the London Stock Exchange and Euronext.

Admission, dealings and CREST

Application has been made to the FCA for the Enlarged Share Capital to be admitted to the Standard Listing segment of the Official List and to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange’s main market for listed securities.

Admission is expected to take place and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 26 February 2021 (or such later date as may be agreed by the Company, Tennyson and Novum being not later than 8.00 a.m. on 31 March 2021). Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. All dealings in Ordinary Shares prior to commencement of unconditional dealings will be at the sole risk of the parties concerned.

CREST is the system for paperless settlement of trades in listed securities. CREST allows securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer in accordance with the CREST Regulations.

The Articles permit the holding of Ordinary Shares in uncertificated form under the CREST system. Application has been made for the Ordinary Shares to be admitted to CREST with effect from Admission. It is anticipated that the New Ordinary Shares allotted under the Fundraising will be delivered in uncertificated form and settlement and dealings will take place through CREST on Admission. No temporary documents of title will be issued.

Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST System if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Company Nominee Service

The Company will operate a Company Nominee Service through its Registrar which will allow private individuals (in certain jurisdictions) to hold, purchase, transfer and sell shares through a nominee company, as an alternative to holding shares in their own name. Members retain similar rights and benefits as a private investor, however the nominee company will become the registered owner of the shares. Further information is available from <https://www.computershare.com/uk/individuals/im-a-shareholder/company-nominee-service>

Withdrawal rights

If the Company is required to publish any supplementary prospectus, investors who have applied for New Ordinary Shares under the Fundraising will have at least two clear Business Days following publication of the relevant supplementary prospectus to withdraw their application to acquire New Ordinary Shares in its entirety. The right to withdraw an application to subscribe for or acquire New Ordinary Shares in these circumstances will be available to all investors. If an application to acquire New Ordinary Shares under the Fundraising is not withdrawn within the stipulated period, such application will remain valid and binding. Details of how to withdraw an application will be made available if a supplementary prospectus is published.

Selling and transfer restrictions

The distribution of this Prospectus and the offering, issue and on-sale of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those described below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

None of the Ordinary Shares may be offered for subscription, sale, purchase or delivery, and neither this Prospectus nor any other offering material in relation to the Ordinary Shares may be circulated in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.

EEA public offer selling restriction

In relation to each Member State of the European Economic Area (each a **Relevant State**), no Ordinary Shares have been offered or will be offered pursuant to the Fundraising to the public in that Relevant State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that the Ordinary Shares may be offered to the public in that Relevant State at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Joint Brokers for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of the Ordinary Shares shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the Ordinary Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

Financial intermediaries

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Fundraising have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Company has been obtained to each such proposed offer or resale. Each of the Company and its respective affiliates, and others, will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

US

The Offer is not a public offering (within the meaning of the Securities Act) of securities in the US. The Ordinary Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the US and may not be offered or sold in the US except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Company may offer Ordinary Shares in an “offshore transaction” as defined in, and in reliance on, Regulation S.

Other jurisdictions

Investors in jurisdictions other than the European Economic Area should consult their professional advisers as to whether they require any governmental or other consent or need to observe any formalities to enable them to subscribe for or buy any New Ordinary Shares under the Fundraising.

PART IV

SHARE CAPITAL, LIQUIDITY AND CAPITAL RESOURCES AND ACCOUNTING POLICIES

1. Share capital

The Company was incorporated on 25 August 2018 in England and Wales under CA 2006 as a private limited company and re-registered as a public limited company on 22 October 2018.

Details of the current issued share capital of the Company are set out in paragraph 4.16 of Part VII: Additional Information. As at Admission, the share capital of the Company is expected to be £504,750, divided into 504,750,000 issued Ordinary Shares of £0.001 each.

All of the issued Ordinary Shares will be in registered form, and capable of being held in certificated or uncertificated form. The Registrar will be responsible for maintaining the share register. Temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB00BK964W87. The SEDOL number of the Ordinary Shares is BK964W8.

2. Financial position

The Company has commenced initial operations, but substantive operations will commence following Admission. The financial information in respect of the Company as at 31 August 2020 is set out in Part B of Part VI: Financial Information on the Company and is audited.

If the Fundraising and Admission had taken place on 31 August 2020 (being the date as at which the historical financial information contained in Part B of Part VI: Financial Information on the Company is presented):

- the net assets of the Company would have been significantly increased (due to the receipt of the Net Proceeds); and
- the liabilities of the Company would have increased due to (*inter alia*) the Directors' and Senior Managers' agreements and letters of appointment described at paragraph 10.5 of Part VII and the financial commitments under the agreements referred to at paragraph 12 of Part VII becoming effective, thereby committing the Company to pay fees thereunder as and when they fall due.

3. Liquidity and capital resources

Sources of cash and liquidity

The Company's initial source of cash will be the gross proceeds of the Fundraising and the revenue associated with its initial trading activities. It will initially use such cash to fund the expenses of Admission and the Fundraising, including the expenses incurred in the incorporation and establishment of the Company, Admission and initial listing fees, legal, registration, printing, advertising and distribution costs and any other applicable expenses. The Company projects these costs to be approximately £1,161,890 (including irrecoverable VAT). The remaining Net Proceeds will be used to develop and expand the Company's business in accordance with the Company's strategy set out in paragraph 4 of Part I and in accordance with paragraph 20 of Part I. The Net Proceeds will be in cash at the bank and available for deployment as necessary in due course. There are no restrictions on the use of the Company's capital resources that have materially affected, or could materially affect, directly or indirectly, the Company's operations.

The Company may raise additional capital from time to time. This may include capital to be raised in connection with acquisitions by the Company of future equipment and/or premises. Such capital is expected to be raised through share issues (such as rights issues, open offers or private placings) or borrowings. The Company does not anticipate raising any further funds within 12 months of Admission. As at the date of this document, the Company has no borrowings. The forms of debt financing to be used by the Company in due course are expected to be limited to bank financing, although no such financing arrangements will be in place at Admission.

If debt financing is utilised, there will be additional servicing costs. Furthermore, while the terms of any such financing cannot be predicted, such terms may subject the Company to financial and operating covenants or other restrictions, including restrictions that might limit the Company's ability to make distributions to Shareholders.

As substantially all of the cash raised by the Company (including cash from subsequent share offers) will (or is expected to) be used in connection with the development and expansion of the Company's business, the Company's future liquidity will depend in the medium to longer term primarily on: (i) the Company's implementation of its Business Plan, (ii) the Company's management of available cash; and (iii) the use of borrowings, if any, to fund short-term liquidity needs.

Ongoing costs and expenses

The Company's principal use of the Net Proceeds will be to develop and expand the Company's business. In addition, the Net Proceeds will be to fund the day-to-day expenses to be incurred by the Company.

The Directors expect that it may be necessary to raise further funds in the future to enable the Company to increase the pace at which it develops its business, including but not limited to, an acquisition of a suitable complementary business, and to pay the fees of financial, tax, legal, accounting, technical and other advisers. The Company does not anticipate conducting further fundraisings in the 18-month period following Admission.

Over time and in accordance with the Company's business strategy, the Company expects to make distributions to Shareholders in accordance with the Company's dividend policy, as adopted from time to time. The Company does not anticipate making any distributions in the short to medium term.

The expenses that the Company expects to fund through the gross proceeds of the Fundraising and income earned through the Company's trading activities are a minimum of £2,900,000 in the first year, to include:

- all costs relating to raising capital, including the Fundraising. This will include the expenses incurred in the incorporation and establishment of the Company, Admission and ongoing listing fees, legal, registration, printing, advertising and distribution costs and any other application expenses. The Company projects these costs to be approximately £1,161,890 (including irrecoverable VAT);
- Directors' fees, projected at £486,000 in the first 12 months following Admission;
- operational costs and expenses which will include (but will not be limited to) the fees and expenses of the Registrar, as well as regulatory, audit and licence fees, intellectual property fees, insurance and other similar costs and ongoing listing fees, legal, registration, printing, advertising and distribution costs and any other applicable expenses, projected to total £1,252,000 in the first year.

The Company's day-to-day expenses will be paid from the Net Proceeds and revenue attributable to the Company's operations and, if the Company considers it appropriate or desirable for flexibility, through short-term borrowings (to the extent that it is able to effect such borrowings).

Capitalisation and indebtedness

As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness.

The following table shows the Company's capitalisation and indebtedness as at 31 August 2020 and 31 December 2020 respectively.

Total Current Debt	31 August 2020	31 December 2020
	Audited	Unaudited
	£	£
Guaranteed	-	-
Secured	-	-
Unguaranteed/Unsecured	-	-
Total Non-Current Debt		
Guaranteed	-	-
Secured	-	-
Unguaranteed/Unsecured	-	-
		-
Shareholder Equity	31 August 2020	31 December 2020
	Audited	Unaudited
	£	£
Share Capital	128,750	169,500
Share Premium	195,025	561,775
Legal reserves	-	-
Other reserves	(407,014)	(599,014)
Total	(83,239)	132,261

As at 31 December 2020, being the latest practicable date prior to the publication of this document, there has been no material change in the capitalisation of the Company since 31 August 2020.

The following table sets out the unaudited net funds of the Company as at 31 December 2020 and has been extracted without material adjustment from unpublished and unaudited financial information.

	31 December 2021
	Unaudited
	£
A. Cash	90,865
B. Liquidity (A)	90,865
C. Current financial receivable	86,096
D. Other current financial debt (D) – (B) – (C)	-
E. Net Current Financial Indebtedness	-
F. Non-current Financial Indebtedness	-
G. Net Financial Indebtedness (E) + (F)	-

As at 31 December 2020, the Company had no indirect or contingent indebtedness.

As at 31 December 2020, being the latest practicable date prior to the publication of this document, there has been no material change in the indebtedness of the Company since 31 August 2020.

Accounting policies and financial reporting

The Company's financial year end is 31 August and the first sets of financial statements were for the periods to 31 August 2019 and 2020 respectively. The first set of financial statements post Admission will be for the year to 31 August 2021. The Company will present its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

4. Dividend policy

The Company intends that its cash resources will be used for the operation and development of the digital trading platform business to be developed and expanded following Admission and therefore no dividends are intended to be paid in the short term. Any earnings in the short term are expected to be retained for use in business operations, not being distributed until the Company has an appropriate level of distributable profits. The Company does not anticipate declaring any dividends in the foreseeable future. The declaration and payment by the Company of any dividends and the amount of them will be in accordance with, and to the extent permitted by, all applicable laws and will depend on the results of the Company's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time. The Company has not paid any dividends to date.

PART V TAXATION

1. United Kingdom Taxation

The comments set out below are based on the current UK tax law and what is understood to be current HMRC practice which are subject to change at any time (potentially with retrospective effect). They are intended as a general guide only and apply only to Shareholders who are resident and domiciled (in the case of individuals) and resident (in the case of companies) for tax purposes in (and only in) the UK (except to the extent that specific reference is made to Shareholders resident outside the UK), who hold their Ordinary Shares as investments (other than under an individual savings account or pension arrangement) and who are the absolute beneficial owners of those Ordinary Shares and any dividends paid thereon.

It is not intended to be, nor should it be construed as legal or tax advice.

The comments set out below do not deal with the position of certain classes of Shareholders, such as dealers in securities, broker dealers, insurance companies, collective investment schemes or Shareholders who have or are deemed to have acquired their Ordinary Shares by virtue of an office or employment. Shareholders who are in doubt as to their position or who are subject to tax in any jurisdiction other than the UK should consult their own professional advisers immediately.

The tax legislation of the investor's Member State and of the issuer's country of incorporation, being the United Kingdom, may have an impact on the income received from the Ordinary Shares. Prospective investors should consult their own independent professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

2. Taxation of dividends

The Company is not required to withhold tax at source on any dividends it pays to its Shareholders.

Dividends paid on the Ordinary Shares to the individuals resident in the UK for taxation purposes or who carry on a trade, profession or vocation in the UK and who hold Ordinary Shares for the purposes of such trade, profession or vocation, may be liable to income tax. Each individual has a tax-free dividend allowance which exempts the first £2,000 (**Nil Rate Amount**) of dividend income. Dividend income in excess of the tax-free allowance will be liable to income tax in the hands of individuals at the rate of 7.5% to the extent that it is within the basic-rate band, 32.5% to the extent that it is within the higher-rate band and 38.1% to the extent it is within the additional-rate band.

Dividend income that is within the Nil Rate Amount counts towards an individual's basic or higher rate limits - and will therefore impact on the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the Nil Rate Amount falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

Dividends paid on the Ordinary Shares to UK resident corporate Shareholders will generally (subject to anti-avoidance rules) fall within one or more of the classes of dividend qualifying for exemption from corporation tax. Shareholders within the charge to corporation tax are advised to consult their independent professional tax advisers in relation to the implications of the legislation.

Non-UK resident Shareholders may also be subject to tax on dividend income under any law to which they are subject outside the UK. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

3. Disposals of Ordinary Shares

A disposal of Ordinary Shares by a Shareholder (other than those holding shares as dealing stock, who are subject to separate rules) who is resident in the UK for tax purposes or who is not so resident in the UK but carries on business in the UK through a branch or agency (or in the case of a corporate Shareholder, a permanent establishment) with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation, depending on the Shareholder's circumstances and subject to any available exemption or relief.

Such an individual Shareholder who is subject to UK income tax at the higher or additional rate will be liable to UK capital gains tax on the amount of any chargeable gain realised by a disposal of Ordinary Shares at the rate of 20%.

Such an individual Shareholder who is subject to income tax at the basic rate only should only be liable to capital gains tax on the chargeable gain up to the unused amount of the Shareholder's basic rate band at the rate of 10% and at a rate of 20% on the gains above the basic rate band.

Individuals may benefit from certain reliefs and allowances (including a personal annual exemption allowance, which presently exempts the first £12,300 of gains from tax for the tax year 2020-21).

For such Shareholders that are bodies corporate they will generally be subject to corporation tax (rather than capital gains tax) at a rate of 19% on any chargeable gain realised on a disposal of Ordinary Shares.

4. Inheritance Tax

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold shares in the Company bringing them within the charge to inheritance tax. Holders of shares in the Company should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any shares in the Company through such a company or trust arrangement. They should also seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

5. Stamp Duty and Stamp Duty Reserve Tax (SDRT)

The statements below summarise the current position and are intended as a general guide only to Stamp Duty and SDRT. Certain categories of person are not liable to Stamp Duty or SDRT, and special rules apply to agreements made by broker dealers and market makers in the ordinary course of their business.

No UK Stamp Duty or SDRT will be payable on the issue of Ordinary Shares, other than as explained below.

The transfer on sale of Ordinary Shares will generally be liable to ad valorem Stamp Duty at the rate of 0.5% (rounded up to the nearest multiple of £5) of the amount or value of the consideration paid. An exemption from Stamp Duty will be available on an instrument transferring Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. The purchaser normally pays the Stamp Duty. An unconditional agreement to transfer such shares will be generally liable to SDRT, at the rate of 0.5% of the consideration paid, but such liability will be cancelled or a right to a repayment in respect of the SDRT liability will arise if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. SDRT is the liability of the purchaser.

Paperless transfers of shares within the CREST system are generally liable to SDRT (at a rate of 0.5% of the amount or value of the consideration payable) rather than Stamp Duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected by CREST. Deposits of shares into CREST will not generally be subject to SDRT unless the transfer into CREST is itself for consideration.

The statements in this section relating to Stamp Duty and SDRT apply to any Shareholders irrespective of their residence, summarise the current position and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries.

PART VI
FINANCIAL INFORMATION OF THE COMPANY

(A) ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

PKF Littlejohn LLP



Accountants &
business advisers

The Directors
Cellular Goods Plc
16 Great Queen Street
London WC2B 5DG

Dear Sirs

Introduction

We report on the financial information of the Company for the period from incorporation to 31 August 2019 and the year to 31 August 2020 which comprises the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, and the related notes. This financial information has been prepared for inclusion in the Prospectus of the Company dated 22 February 2021 on the basis of the accounting policies set out in note 2 to the financial information. The report is required by Annex 1, Item 18.3.1 of the PR Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Prospectus, and to report our opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex 1, Item 1.3 of the PR Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion the financial information set out below gives, for the purposes of the Prospectus dated 22 February 2021, a true and fair view of the state of affairs of the Company as at 31 August 2020 and 2019 and of the results, cash flows and changes in equity for the periods then ended in accordance with IFRS and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that the information contained in this report is, to the best of our knowledge, in accordance with the facts and this report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1, Item 1.2 of the PR Regulation.

Yours faithfully

PKF Littlejohn LLP
Reporting Accountants

15 Westferry Circus
Canary Wharf
London E14 4HD

22 February 2021

PART VI (B)
HISTORICAL FINANCIAL INFORMATION OF THE COMPANY
STATEMENT OF COMPREHENSIVE INCOME

	Note	Year to 31 August 2020 £	Period to 31 August 2019 £
Revenue		-	-
Administrative expenses	4	(329,949)	(77,178)
Operating result		<u>(329,949)</u>	<u>(77,178)</u>
Finance income		63	50
Result before taxation		<u>(329,886)</u>	<u>(77,128)</u>
Corporation tax	7	-	-
Total comprehensive loss for the period attributable to the owners of the company		<u><u>(329,886)</u></u>	<u><u>(77,128)</u></u>
Loss per share (basic and diluted) attributable to the equity holders		(0.3p)	(0.1p)

The income statement has been prepared on the basis that all operations are continuing operations.

The Accounting Policies and Notes on pages 85 to 92 form part of this financial information.

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 August 2020 £	As at 31 August 2019 £
ASSETS			
Current Assets			
Cash and cash equivalents		9,224	4,671
Debtors	9	89,828	76,951
Total Assets		<u><u>99,052</u></u>	<u><u>81,622</u></u>
EQUITY AND LIABILITIES			
Equity Attributable to owners			
Share capital	10	128,750	103,250
Share premium	10	195,025	29,250
Retained earnings		<u>(407,014)</u>	<u>(77,128)</u>
Total Equity and Reserves		<u>(83,239)</u>	<u>55,372</u>
Liabilities			
Current Liabilities			
Creditors	12	<u>182,291</u>	<u>26,250</u>
		182,291	26,250
Total Equity and Liabilities		<u><u>99,052</u></u>	<u><u>81,622</u></u>

The Accounting Policies and Notes on pages 85 to 92 form part of this financial information.

STATEMENT OF CASH FLOWS

	Note	Year to 31 August 2020 £	Period to 31 August 2019 £
Cash flows from operating activities			
Loss for the period		(329,886)	(77,128)
Changes in:			
Increase in debtors	9	(12,877)	(1,951)
Increase in creditors	11	156,041	26,250
Finance income		(63)	(50)
Net cash generated from operating activities		<u>(186,785)</u>	<u>(52,879)</u>
Cash flows from investing activities			
Finance income		63	50
Net cash from investing activities		<u>63</u>	<u>50</u>
Cash flows from financing activities			
Issue of ordinary shares		191,275	57,500
Net cash from financing activities		<u>191,275</u>	<u>57,500</u>
Net increase in cash and cash equivalents		4,553	4,671
Cash and cash equivalents at beginning of period		4,671	-
Cash and cash equivalents at end of period		<u>9,224</u>	<u>4,671</u>

The Accounting Policies and Notes on pages 85 to 92 form part of this financial information.

STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Retained earnings £	Total equity £
At incorporation	10	-	-	10
Total comprehensive loss for the period	-	-	(77,128)	(77,128)
Issue of ordinary shares (17/09/2018)	99,990	-	-	99,990
Issue of ordinary shares (23/10/2018)	3,250	29,250	-	32,500
As at 31 August 2019	<u>103,250</u>	<u>29,250</u>	<u>(77,128)</u>	<u>55,372</u>
	Share capital £	Share premium £	Retained earnings £	Total equity £
As at 1 September 2019	103,250	29,250	(77,128)	55,372
Total comprehensive loss for the year	-	-	(329,886)	(329,886)
Issue of ordinary shares (17/10/2019)	11,000	-	-	11,000
Issue of ordinary shares (24/10/2019)	13,500	116,775	-	130,275
Issue of ordinary shares (16/01/2020)	1,000	49,000	-	50,000
As at 31 August 2020	<u>128,750</u>	<u>195,025</u>	<u>(407,014)</u>	<u>(83,239)</u>

The Accounting Policies and Notes on pages 85 to 92 form part of this financial information.

NOTES TO THE COMPANY'S FINANCIAL INFORMATION

1 General information

Cellular Goods Plc (formerly Leaf Studios Plc) ("the Company") was incorporated on 25 August 2018 in England and Wales with Registered Number 11537452 under the Companies Act 2006. On 22 October 2018, the Company reregistered as a public company, Leaf Studios Plc. On 29 September 2020 the Company changed its name to Cellular Goods Plc. No dividends have been declared or paid since the date of incorporation. The address of its registered office is 16 Great Queen Street, London, WC2B 5DG.

The principal activity of the Company will be to set up and operate a vertically integrated retail biosynthetic cannabidiol (CBD) business.

The financial information covers the year ended 31 August 2020. The comparative figures are for the period from incorporation on 25 August 2018 to 31 August 2019.

2 Significant accounting policies

The financial information and accompanying notes are based on the following policies which have been consistently applied:

Basis of preparation

The financial information of the Company has been prepared in accordance with International Financial Reporting Standards and IFRS interpretations Committee (IFRS IC) interpretations as adopted by the European Union ("IFRS") and the Companies Act 2006.

The financial information is presented in Sterling, which is the Company's functional and presentational currency and has been prepared under the historical cost convention.

This financial information of Cellular Goods Plc has been prepared for the sole purpose of publication within this Prospectus. It has been prepared in accordance with the requirements of the Listing Rules published by the London Stock Exchange plc and has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in accordance with IFRS interpretations Committee (IFRS IC) interpretations and the policies stated elsewhere within the financial information. The financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

Going concern

The preparation of financial information requires an assessment on the validity of the going concern assumption.

The Directors have a reasonable expectation that the Company has adequate cash resources to continue in operational existence for a period of at least one year from date of approval of this financial information. The Company therefore has adopted the going concern basis in preparing this financial information.

Adoption of new and revised standards

The IASB and IFRIC have issued the following standards and interpretations with effective dates as noted below:

Standard	Key requirements	Effective date:
IAS 1	Amendments to IAS 1 to clarify the classification of liabilities as current or non-current	1 January 2022

There are no other new and revised IFRSs that have been issued but are not yet effective that the Directors believe are expected to have a material impact on the Company.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Other receivables

Other receivables are short-term financial assets due to the Company. Other receivables are recognised at the transaction price when it is probable that economic benefit will flow to the Company.

Equity

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

Financial instruments

(1) Financial assets

Financial assets are recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are subsequently measured at amortised cost, fair value through OCI, or FVPL.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. IFRS 9.5.4 The Company's financial assets at amortised cost include other receivables and cash and cash equivalents.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other receivables due in less than 12 months, the Company applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or

external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to trade and other payables.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Financial risk management

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (price risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

The Company has no borrowings but is exposed to market risk in terms of foreign exchange risk.

Risk management is undertaken by the Board of Directors.

Market Risk – price risk

The Company is exposed to price risk primarily for the costs of operating a CBD retail business.

Credit Risk

Credit risk arises from outstanding receivables. Management does not expect any losses from non-performance of these receivables. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk, which is stated under the cash and cash equivalents accounting policy.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Controls over expenditure are carefully managed, in order to maintain its cash reserves.

Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. The Company has no borrowings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the total equity held by the Company, being (£83,239).

Current and deferred income tax

Current tax

The tax currently payable is based on taxable profit or loss for the year. Taxable profit or loss differs from the profit or loss for the financial year as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Subsidiary intends to settle its current tax assets and liabilities on a net basis.

3 Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these

estimates and assumptions. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Operating expenses by nature

	2020	2019
	£	£
Legal and professional	178,062	67,047
Auditor's remuneration	5,000	5,000
FCA charges re listing	17,108	-
Directors' remuneration	121,500	-
Other expenses	<u>8,279</u>	<u>131</u>
	<u><u>329,949</u></u>	<u><u>77,178</u></u>

5 Employees

There were no employees, apart from the Directors, during the year (2019: nil).

6 Directors' remuneration

Directors' remuneration amounted to £121,500 during the year (2019: nil), of which £85,000 (2019: nil) remained outstanding at the year end.

7 Taxation

	2020	2019
	£	£
Current tax	-	-
Deferred tax	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
	2020	2019
	£	£
Loss before tax	(329,886)	(77,128)
Tax at applicable rate of 19% (2019:19%)	(62,678)	(14,654)
Effects of:		
Expenses not deductible for tax purposes	30,684	13,451
Losses carried forward not recognised as a deferred tax asset	<u>31,994</u>	<u>1,203</u>
Tax charge	<u>-</u>	<u>-</u>

No tax charge or credit arises on the loss for the period.

The applicable corporation tax rate is 19% (2019:19%) for entities in the United Kingdom. No deferred tax asset has been recognised in view of the uncertainty over the timing of future taxable profits against which the losses may be offset.

Losses carried forward totalled £174,722 at 31 August 2020 (2019: £6,331).

8 Financial instruments

2020	2019
£	£

Carrying amount of financial assets		
Debt instruments measured at amortised cost	89,828	76,951
	<u>89,828</u>	<u>76,951</u>
Carrying amount of financial liabilities		
Measured at amortised cost	-	-
	<u>-</u>	<u>-</u>

9 Trade and other receivables

	2020	2019
	£	£
Other receivables	89,828	76,951
	<u>89,828</u>	<u>76,951</u>

Other receivables contain £75,000 (2019: £75,000) owed for unpaid share capital, for which an undertaking to pay has been received. The £75,000 was received after the year-end.

The Directors consider that the carrying amount of other receivables is approximately equal to its fair value.

No significant receivable balances are impaired at the reporting date.

10 Share capital and share premium

	Number of shares No.	Share Capital £	Share premium £	Total £
At incorporation	10,000	10	-	10
Issue of ordinary shares (17/09/2018)	99,990,000	99,990	-	99,990
Issue of ordinary shares (23/10/2018)	3,250,000	3,250	29,250	32,500
At 31 August 2019	103,250,000	103,250	29,250	132,500
At 1 September 2019	103,250,000	103,250	29,250	132,500
Issue of ordinary shares (17/10/2019)	11,000,000	11,000	-	11,000
Issue of ordinary shares (24/10/2019)	13,500,000	13,500	116,775	130,275
Issue of ordinary shares (16/01/2020)	1,000,000	1,000	49,000	50,000
At 31 August 2020	128,750,000	128,750	195,025	323,775

Subsequent to the year end, a total of 116,000,000 shares, each with a nominal value of £0.001, were issued for £0.01 per share, amounting to £1,160,000, all of which has been received.

11 Earnings per share

The calculation of the loss per share is based on the loss for the financial period after taxation of £329,886 (2019: loss £77,128) and on the weighted average of 128,416,667 (2019: 95,558,462) ordinary shares in issue during the year.

There were no warrants outstanding at 31 August 2020 and 31 August 2019 hence there is no diluted loss per share to report for the periods under review.

12 Trade and other payables

	2020 £	2019 £
Other creditors	<u>182,291</u>	<u>26,250</u>
	<u>182,291</u>	<u>26,250</u>

Other creditors consist of accruals all of which were due for settlement within 12 months of the year end and are therefore deemed short term.

13 Operating lease commitments

At 31 August 2020 the Company did not have any lease commitments (2019: Nil).

14 Controlling party

The controlling party by virtue of its majority shareholding in the Company is Durban Holdings Ltd, incorporated in Canada. Durban is jointly owned and controlled by Jonathan Bixby and Mike Edwards.

15 Related parties

During the year, the Company incurred fees of £22,000 (2019: nil) from Briarmount Limited, a company part owned by Timothy Le Druillenec, whilst he was a director of Cellular Goods. Of this, £18,000 (2019: nil) remained outstanding at the year end. The Company incurred fees of £32,000 (2019: nil) from Ampersand Ventures Limited, a Canadian company controlled by Eric Chang, of which £27,000 (2019: nil) remained outstanding at the year end.

During the year, the Company purchased £90,000 (2019: £7,500) of consulting services from Toro Consulting Ltd, a Canadian company owned by Jonathan Bixby, who is in joint control of Canadian-registered Durban Holdings Ltd. Of this, £67,500 (2019: £7,500) was outstanding at the year end.

16 Post-balance sheet events

As mentioned above, subsequent to the year end, a total of 116,000,000 shares, each with a nominal value of £0.001, were issued for £0.01 per share, amounting to £1,160,000, all of which has been received.

PART VII
ADDITIONAL INFORMATION

1. Responsibility

The Company and each of the Directors, whose names appear on page 36 of this document, accept responsibility for this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

2. Competent Authority Approval

This prospectus has been approved by the Financial Conduct Authority, as competent authority under Regulation (EU) 2017/1129. The Financial Conduct Authority only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

3. The Company

3.1 The Company's legal and commercial name is Cellular Goods PLC.

3.2 The Company was incorporated in England and Wales on 25 August 2018 under the name Leaf Studios Limited with registered number 11537452 as a private limited company under CA 2006. Its Legal Entity Identifier is 213800IXPX4Z2MKX2U28 .

3.3 On 22 October 2018, the Company was re-registered as a public limited company with the name Leaf Studios PLC, and the Company subsequently changed its name to Cellular Goods PLC on 29 September 2020. The domicile of the Company is the United Kingdom.

3.4 On 3 December 2019, Peter Wall, Alexis Abraham and Eric Chang were appointed, and Darcy Taylor resigned, each as directors of the Company. Prior to his appointment as a director of the Company, Alexis Abraham had been engaged by the Company as a consultant. On 18 February 2020, Darcy Taylor was reappointed as a director of the Company. On 9 November 2020, Timothy Le Druillenec resigned as Finance Director and Simon Walters was appointed as Finance Director. On 28 January 2021 Ross Connolly and David Gardner were appointed as directors of the Company.

3.5 The principal legislation under which the Company operates is CA 2006. The liability of the members is limited to the amount, if any, unpaid on the shares respectively held by them.

3.6 The Company's registered office is at 16 Great Queen Street, London WC2B 5DG and the telephone number is 020 7031 6871.

3.7 To date, the Company's activities have been limited to organisational matters, matters relating to Admission and the Fundraising, and establishment of the Company's initial operations, and it expects to commence substantive operations following Admission.

3.8 Other than as set out in this Part VII, the Company has no other subsidiaries, joint ventures or investments, or any investments in progress, or any future investments on which its management bodies have made firm commitments.

3.9 On 22 October 2018, the Company adopted the Articles in substitution for and to the exclusion of the Company's existing articles of association.

4. Share Capital of the Company

4.1 In accordance with CA 2006, the Company has no limit on its authorised share capital.

4.2 On incorporation of the Company 1,000 ordinary shares of £0.01 each were subscribed for and issued and allotted to Timothy Le Druillenec, each of which was fully paid up.

- 4.3 On 14 September 2018, the Company subdivided the 1,000 ordinary shares of £0.01 into 10,000 Ordinary Shares.
- 4.4 On 17 September 2018, the Company raised gross proceeds of £99,990 by the issue and allotment of 99,990,000 Ordinary Shares to the initial shareholders. These Ordinary Shares were issued at par and were a quarter paid up but are now fully paid. The Placing Price represents a 4.9 pence premium per Ordinary Share compared with the price paid by those founders (being Durban Holdings Ltd, Aja Ventures Inc., Paniolo Ventures Inc. and Timothy Le Druillenec).
- 4.5 On 23 October 2018, the Company issued and allotted 3,250,000 Ordinary Shares to certain early stage investors. These Ordinary Shares were issued at a price per share of £0.01 and were fully paid up.
- 4.6 On 17 October 2019, the Company issued and allotted 11,000,000 Ordinary Shares to Alexis Abraham at par value.
- 4.7 On 24 October 2019, the Company issued and allotted 13,500,000 Ordinary Shares to certain early stage investors at a price per share of £0.01.
- 4.8 On 16 January 2020, the Company issued and allotted 1,000,000 Ordinary Shares to certain early stage investors at a price per share of £0.05.
- 4.9 On 21 October 2020, the Company issued and allotted 21,750,000 Ordinary Shares at a price per share of £0.01
- 4.10 On 27 November 2020, the Company issued and allotted 10,000,000 Ordinary Shares at a price per share of £0.01.
- 4.11 On 18 December 2020, the Company issued and allotted 9,000,000 Ordinary Shares at a price per share of £0.01.
- 4.12 On 12 January 2021, the Company issued and allotted 30,000,000 Ordinary Shares at a price per share of £0.01.
- 4.13 On 28 January 2021, the Company issued and allotted 32,750,000 Ordinary Shares at a price per share of £0.01, of which 25,000,000 were allotted to DB Ventures Limited.
- 4.14 On 1 February 2021, the Company issued and allotted 10,000,000 Ordinary Shares at a price per share of £0.01 to persons associated with DB Ventures Limited.
- 4.15 On 2 February 2021, the Company issued and allotted 2,500,000 Ordinary Shares at a price per share of £0.01.
- 4.16 The issued share capital of the Company at the date of this document and on Admission will be as follows:

	Number of Ordinary Shares allotted	Aggregate nominal value of Ordinary Shares
Current	244,750,000	£244,750
On Admission	504,750,000	£504,750

- 4.17 Pursuant to the Warrant Instrument, the Company has granted (i) warrants over 27,500,000 Ordinary Shares (of which 17,000,000 are held by Directors and Senior Management) with an exercise price of 1p per share, which vest on Admission, have an exercise period up to two years from Admission, are transferable with the Company's consent and in respect of which any Ordinary Shares arising on exercise are subject to a lock-in for 12 months from Admission; and (ii) warrants over 12,000,000 Ordinary Shares (all held by Directors and Senior Management with an exercise price of the Placing Price, which vest as to 25% on Admission and thereafter in 25% tranches every six months, have an exercise period up to three years from Admission and in respect of which any Ordinary Shares arising

on exercise are subject to a lock-in for 12 months from Admission. In addition the Company has, pursuant to the engagement letters referred to in paragraph 12.4 of Part VII, agreed to grant warrants over a further 12,960,000 Ordinary Shares in aggregate to Tennyson, Novum and PrimaryBid, such warrants being exercisable at the Placing Price for three years from Admission. Assuming exercise in full of all of the outstanding warrants and the warrants to be granted to Tennyson, Novum and PrimaryBid, such exercise would result in the Enlarged Share Capital being diluted so as to constitute 2.5% of the further enlarged share capital.

- 4.18 Pursuant to a resolution passed on 20 October 2020, the Company resolved that:
- 4.18.1 the Directors be generally authorised in accordance with the Articles to exercise all the powers of the Company to allot Ordinary Shares, or grant rights to subscribe for, or convert any security into, Ordinary Shares, up to a maximum aggregate nominal value of £500,000; and
- 4.18.2 the Directors may allot equity securities up to a maximum nominal value of £500,000 as if section 561 of the Companies Act and any pre-emption rights in the Articles did not apply.
- 4.19 The provisions of section 561(1) CA 2006 (to the extent not disapplied pursuant to sections 570-571 CA 2006) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 CA 2006) which are, or are to be, paid up in cash and will apply to the unissued share capital of the Company, except to the extent disapplied by the resolution referred to in paragraph 4.18 above.
- 4.20 The Ordinary Shares with effect from Admission will be listed on the Official List and will be traded on the Main Market of the London Stock Exchange. The Ordinary Shares are not currently listed or traded, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading, on any other stock exchange or securities market.
- 4.21 Each New Ordinary Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise pari passu in all respects with each Existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital).
- 4.22 Except for the Company's obligations to issue and allot Ordinary Shares pursuant to the Fundraising and the Warrants, there are no rights and/or obligations over the Company's unissued share or loan capital nor do there exist any undertakings to increase the Company's share or loan capital.
- 4.23 No share of the Company or any subsidiary is under option or has been agreed conditionally or unconditionally to be put under option.
- 4.24 The Company does not have in issue any securities not representing share capital, nor any shares which are held by or on behalf of the Company itself or by its subsidiaries, and there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company.
- 4.25 The participation (as a percentage) in share capital and voting rights for existing shareholders before and after the capital increase resulting from the Fundraising, on the basis that existing Shareholders do not participate in the Fundraising and the maximum number of New Ordinary Shares are issued, are as follows:

	Immediately prior to Admission	Immediately following Admission
Share Capital	100%	48.5%
Voting	100%	48.5%

- 4.26 Shareholders do not have any entitlements to participate in the Fundraising.

4.27 The net asset value per Ordinary Share is as follows:

	Immediately prior to Admission	Immediately following Admission
Net asset value per Ordinary Share	£0.002	£0.024

4.28 The Ordinary Shares may be held in either certificated form or in uncertificated form under the CREST system.

4.29 Except as disclosed in this paragraph and as referred to in paragraph 12 below, since the date of incorporation of the Company: (i) there has been no change in the amount of the issued share or loan capital of the Company; and (ii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share capital of the Company.

4.30 To the best of the Directors' knowledge, no-one, directly or indirectly, acting jointly, exercises or could exercise control over the Company.

4.31 The ISIN number in respect of the Ordinary Shares is GB00BK964W87. The Ordinary Shares are and will be created and issued under CA 2006 and are denominated in pounds sterling.

4.32 The registrars of the Company are Computershare Investor Services PLC. They will be responsible for maintaining the register of members of the Company.

5. Objects and Purposes of the Company

The Company's objects and purposes are unrestricted.

6. Articles of association

The rights attaching to the Ordinary Shares, as set out in the Articles contain, amongst others, the following provisions:

Votes of members

6.1 Subject to any special rights or restrictions as to voting attached to any share, on a show of hands every member present in person or by proxy has one vote, and on a poll every member has one vote for every share of which he is the holder.

6.2 A member of the Company is not entitled in respect of any shares held by him to vote at any general meeting of the Company if any amounts payable by him in respect of those shares have not been paid or if the member has a holding of at least 0.25% of any class of shares of the Company and has failed to comply with a notice under section 793 CA 2006.

Variation of rights

6.3 The Articles do not contain provisions relating to the variation of rights as these matters are dealt with in section 630 CA 2006. If at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of at least three fourths in nominal value of that class or with the sanction of a special resolution passed at a separate meeting of the holders of that class but not otherwise.

Transfer of shares

6.4 Subject to the provisions of the Articles relating to CREST, all transfers of shares will be effected in any usual form or in such other form as the board approves and must be signed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.

- 6.5 The directors may, in their absolute discretion and without assigning any reason, refuse to register the transfer of a share in certificated form if it is not fully paid or if the Company has a lien on it, or if it is not duly stamped, or if it is by a member who has a holding of at least 0.25% of any class of shares of the Company and has failed to comply with a notice under section 793 CA 2006. In exceptional circumstances approved by the London Stock Exchange, the directors may refuse to register any such transfer, provided that their refusal does not disturb the market in the shares.
- 6.6 The Articles contain no restrictions on the free transferability of fully paid Ordinary Shares provided that the transfers are in favour of not more than four joint transferees, the transfers are in respect of only one class of share and the provisions in the Articles, if any, relating to registration of transfers have been complied with.

Payment of dividends

- 6.7 Subject to the provisions of CA 2006 and to any special rights attaching to any shares, the Shareholders are to distribute amongst themselves the profits of the Company according to the amounts paid up on the shares held by them, provided that no dividend will be declared in excess of the amount recommended by the directors. A member will not be entitled to receive any dividend if he has a holding of at least 0.25% of any class of shares of the Company and has failed to comply with a notice under section 793 CA 2006. Interim dividends may be paid if profits are available for distribution and if the directors so resolve.

Unclaimed dividends

- 6.8 Any dividend unclaimed after a period of 12 years from the date of its declaration will be forfeited and will revert to the Company.

Untraced Shareholders

- 6.9 The Company may sell any share if, during a period of 12 years, at least three dividends in respect of such shares have been paid, no cheque or warrant in respect of any such dividend has been cashed and no communication has been received by the Company from the relevant member. The Company must advertise its intention to sell any such share in both a national daily newspaper and in a newspaper circulating in the area of the last known address to which cheques or warrants were sent. Notice of the intention to sell must also be given to the UK Listing Authority.

Return of capital

- 6.10 On a winding-up of the Company, the balance of the assets available for distribution will, subject to any sanction required by CA 2006, be divided amongst the members.

Borrowing powers

- 6.11 Subject to the provisions of CA 2006, the directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets, including its uncalled or unpaid capital, and to issue debentures and other securities and to give guarantees.

Directors

- 6.12 No shareholding qualification is required by a director.
- 6.13 The directors are entitled to fees, in addition to salaries, at the rate decided by them, subject to an aggregate limit of £150,000 per annum or such additional sums as the Company may by ordinary resolution determine. The Company may by ordinary resolution also vote extra fees to the directors which, unless otherwise directed by the resolution by which it is voted, will be divided amongst the directors as they agree, or failing agreement, equally. The directors are also entitled to be repaid all travelling, hotel and other expenses incurred by them in connection with the business of the Company.
- 6.14 At the third (or next subsequent) annual general meeting after an annual general meeting or general meeting at which a director was appointed, such director will retire from office. A retiring director is eligible for reappointment.

- 6.15 The directors may from time to time appoint one or more of their body to be the holder of an executive office on such terms as they think fit.
- 6.16 Except as provided in paragraphs 6.17 and 6.18 below, a director may not vote or be counted in the quorum present on any motion in regard to any contract, transaction, arrangement or any other proposal in which he has any material interest, which includes the interest of any person connected with him, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. Subject to CA 2006, the Company may by ordinary resolution suspend or relax this provision to any extent or ratify any transaction not duly authorised by reason of a contravention of it.
- 6.17 In the absence of some other material interest than is indicated below, a director is entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:
- (a) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
 - (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in its underwriting or subunderwriting;
 - (d) any contract, arrangement, transaction or other proposal concerning any other company in which he is interested provided that he is not the holder of or beneficially interested in 1% or more of any class of the equity share capital of such company, or of a third company through which his interest is derived, or of the voting rights available to members of the relevant company, any such interest being deemed to be a material interest, as provided in paragraph 6.16 above, in all circumstances;
 - (e) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by HMRC;
 - (f) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of an employee share scheme which includes full-time executive directors of the Company and/or any subsidiary or any arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not award to any director any privilege or advantage not generally accorded to the employees to whom such a scheme relates; and
 - (g) any contract, arrangement, transaction or proposal concerning insurance which the Company proposed to maintain or purchase for the benefit of directors or for the benefit or persons including the directors.
- 6.18 If any question arises at any meeting as to the materiality of a director's interest or as to the entitlement of any director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question must be referred to the chairman of the meeting and his ruling in relation to any other director will be final and conclusive except in a case where the nature or extent of the interest of such director has not been fully disclosed.
- 6.19 The directors may provide or pay pensions, annuities, gratuities and superannuation or other allowances or benefits to any director, ex-director, employee or ex-employee of the Company or any of its

subsidiaries or to the spouse, civil partner, children and dependants of any such director, ex-director, employee or ex-employee.

CREST

- 6.20 The directors may implement such arrangements as they think fit in order for any class of shares to be held in uncertificated form and for title to those shares to be transferred by means of a system such as CREST in accordance with the CREST Regulations and the Company will not be required to issue a certificate to any person holding such shares in uncertificated form.

Disclosure notice

- 6.21 The Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's relevant share capital:
- (a) to confirm that fact or (as the case may be) to indicate whether or not it is the case; and
 - (b) where he holds or has during that time held an interest in shares so comprised, to give such further information as may be required in the notice.

General meetings

- 6.22 An annual general meeting must be called by at least 21 days' notice, and all other general meetings must be called by at least 14 days' notice.
- 6.23 Notices must be given in the manner stated in the articles to the members, other than those who under the provisions of the articles or under the rights attached to the shares held by them are not entitled to receive the notice, and to the auditors.
- 6.24 No business may be transacted at any general meeting unless a quorum is present which will be constituted by two persons entitled to vote at the meeting each being a member or a proxy for a member or a representative of a corporation which is a member. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of, or by, members, will be dissolved.
- 6.25 At a general meeting a resolution put to the vote will be decided on a show of hands unless, before or on the declaration of the show of hands, a poll is demanded by the chairman or by at least five members present in person or by proxy and entitled to vote or by a member or members entitled to vote and holding or representing by proxy at least one tenth of the total voting rights of all the members having the right to vote at the meeting. Unless a poll is demanded as above, a declaration by the chairman that a resolution has been carried, or carried unanimously or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of general meetings of the Company is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 6.26 No member is entitled to vote at any general meeting either personally or by proxy or to exercise any privilege as a member, unless all calls or other sums presently payable to him in respect of shares in the Company have been paid.
- 6.27 The appointment of a proxy must be in any usual form, or such other form as may be approved by the directors, and must be signed by the appointor or by his agent duly authorised in writing or if the appointor is a corporation, must be either under its common seal or signed by an officer or agent so authorised. The directors may, but will not be bound to, require evidence of authority of such officer or agent. An instrument of proxy need not be witnessed.
- 6.28 The proxy will be deemed to include the right to demand or join in demanding a poll and generally to act at the meeting for the member giving the proxy.

6.29 The directors may direct that members or proxies wishing to attend any general meeting must submit to such searches or other security arrangements or restrictions as the directors consider appropriate in the circumstances and may, in their absolute discretion, refuse entry to, or eject from, such general meeting any member or proxy who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.

7. Substantial Shareholders

7.1 Except for the interests of those persons set out in this paragraph 7 and in paragraph 10 below, the Directors are not aware of any interests (other than interests of the Directors and Senior Management) which, at the date of this document and immediately following Admission, would amount to 3% or more of the Company's issued share capital:

Name (and ultimate beneficial owner(s))	Ordinary Shares as at the date of this document	Percentage of Existing Ordinary Shares	Ordinary Shares on Admission	Percentage of Enlarged Share Capital
Durban Holdings Limited (Jonathan Bixby and Mike Edwards)	78,000,000	31.9%	78,000,000	15.5%
Aja Ventures, Inc. (widely held)	30,000,000	12.3%	30,000,000	5.9%
DB Ventures Limited	25,000,000	10.2%	25,000,000	5.0%
John Story	15,000,000	6.1%	15,000,000	3.0%
Toro Consulting Limited (Jonathan Bixby)	10,500,000	4.3%	10,500,000	2.1%
Paniolo Ventures, Inc. (Brad Roark)	10,000,000	4.1%	21,210,000	4.2%
Lombard Odier Asset Management (Europe) Limited	Nil	Nil	25,000,000	5.0%

7.2 No major holder of Ordinary Shares, either as listed above, or as set out in paragraph 10 of this Part VII, has voting rights different from other holders of Ordinary Shares.

7.3 So far as the Company is aware, there are no arrangements in place the operation of which may at a subsequent date result in a change of control of the Company.

8. The Directors

8.1 The Directors and their respective functions are as follows:

Peter Wall (*Non-Executive Chairman*)

Alexis Abraham (*Chief Executive Officer*)

Simon Walters (*Finance Director*)

Eric Chang (*Chief Operating Officer*)

Darcy Taylor (*Non-Executive Director*)

Ross Connolly (*Non-Executive Director*)

David Gardner (*Non-Executive Director*)

8.2 The business address of each of the Directors is 16 Great Queen Street, London WC2B 5DG.

9. Senior Managers

The Company's senior management currently comprises of Alexia Blake and Sara Hemming, further details of whom are set out in paragraph 2 of Part II.

10. Directors' and Senior Managers' interests in the Company including service agreements

10.1 The interests of the Directors, Senior Management and persons connected with them, within the meaning of sections 252 and 253 CA 2006, in the share capital of the Company, at the date of this document and immediately following Admission, all of which are beneficial, are:

Name (and legal owner)	Ordinary Shares as at the date of this document	Percentage of Existing Ordinary Shares	Ordinary Shares on Admission	Percentage of Enlarged Share Capital
Peter Wall	Nil	-	1,000,000	0.2%
Alexis Abraham	16,500,000	6.7%	18,500,000	3.7%
Simon Walters	Nil	-	Nil	-
Eric Chang (held through Ampersand Ventures Limited)	5,800,000	2.4%	5,800,000	1.1%
Darcy Taylor	Nil	-	Nil	-
Ross Connolly	2,500,000	1.0%	2,500,000	0.5%
David Gardner	2,300,000	0.94%	2,300,000	0.5%
Alexia Blake	Nil	-	Nil	-
Sara Hemming	Nil	-	Nil	-

10.2 The Directors and Senior Management and persons connected with them hold, (i) warrants over 17,000,000 Ordinary Shares with an exercise price of 1p per share, which vest on Admission, have an exercise period up to two years from Admission and in respect of which any Ordinary Shares arising on exercise are subject to a lock-in for 12 months from Admission; and (ii) warrants over 12,000,000 Ordinary Shares with an exercise price of the Placing Price, which vest as to 25% on Admission and thereafter in 25% tranches every six months, have an exercise period up to three years from Admission and in respect of which any Ordinary Shares arising on exercise are subject to a lock-in for 12 months from Admission:

Warrant Holder	Number of Warrants exercisable at 1p per share	Number of Warrants exercisable at the Placing Price per share
Peter Wall	2,500,000	2,000,000

Alexis Abraham	2,500,000	2,500,000
Simon Walters	1,500,000	1,000,000
Eric Chang	2,500,000	2,000,000
Darcy Taylor	1,500,000	1,000,000
Ross Connolly	1,500,000	1,000,000
David Gardner	1,500,000	1,000,000
Alexia Blake	1,500,000	1,500,000
Sara Hemming	2,000,000	-
Total	17,000,000	12,000,000

10.3 Except as disclosed in paragraphs 10.1 and 10.2, none of the Directors or Senior Management nor any person connected with them, within the meaning of sections 252 and 253 CA 2006, is interested in the share capital of the Company, or in any related financial products referenced to the Ordinary Shares.

10.4 There are no outstanding loans or options granted by the Company to any Director or Senior Management, nor has any guarantee been provided by the Company for their benefit.

10.5 The Company has entered into the following agreements and letters of appointment with Directors and Senior Management:

10.5.1 a letter of appointment with Peter Wall dated 1 December 2019, pursuant to which Mr Wall was appointed as non-executive chairman of the Company for an annual fee of £48,000, payable monthly in arrears. Mr Wall will be expected to devote at least two days a month to perform his duties for the Company. The appointment is for an initial term of 24 months and is terminable on three months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Wall is in material breach of the terms of the appointment;

10.5.2 a consultancy agreement with Alexis Abraham dated 1 October 2020, pursuant to which Mr Abraham agreed to provide services to the Company in consideration of a daily rate of £500 plus VAT (if applicable), capped at £12,000 plus VAT (if applicable) per month, payable in arrears on presentation of an invoice. On Admission the consultancy agreement will be replaced by a service agreement dated 7 February 2021 under which Mr Abraham has agreed to fulfil the role of chief executive officer of the Company. The Company will pay Mr Abraham a salary of £144,000 pa, monthly in arrears. Mr Abraham will be expected to devote the whole of his time and attention to performing his duties for the Company. The appointment for an indefinite term and is terminable on six months' prior notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Abraham is in material breach of the terms of the appointment. Mr Abraham has agreed to post-termination restrictive covenants that are typical for a person of his seniority;

10.5.3 a consultancy agreement with Eric Chang dated 1 October 2020, pursuant to which Mr Chang will provide services to the Company. Mr Chang will fulfil the role of chief operating officer of the Company in consideration of a daily rate of £500 (plus VAT if applicable), capped at £10,000 (plus VAT if applicable) per month, such fee to increase to £12,000 (plus VAT) per month from Admission. The fees are payable in arrears on presentation of an invoice. The appointment for an indefinite term and is terminable on six months' prior notice on either side. No compensation is payable for loss of office and the engagement may be terminated immediately if, among other

things, Mr Chang is in material breach of the terms of the appointment. Mr Chang has agreed to post termination restrictive covenants that are typical for a person of his seniority;

- 10.5.4 a service agreement with Simon Walters dated 10 February 2021, conditional upon Admission, pursuant to which Mr Walters was appointed as finance director of the Company for an annual salary of £120,000, payable monthly in arrears. The appointment is terminable on three months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Walters is in material breach of the terms of the appointment. Mr Walters has agreed to post-termination restrictive covenants that are typical for a person of his seniority. From Admission the agreement replaces an agreement with Headline FD Limited dated 9 November 2020 under which finance director support services, including the services of Mr Walters, were provided to the Company at a cost of £3,500 plus VAT per month;
- 10.5.5 a letter of appointment with Darcy Taylor dated 18 February 2020, conditional upon Admission, pursuant to which Mr Taylor was appointed as a non-executive director of the Company for an annual fee of £30,000, payable monthly in arrears. Mr Taylor will be expected to devote at least two days a month to perform his duties for the Company. The appointment is for an initial term of 24 months and is terminable on three months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Taylor is in material breach of the terms of the appointment;
- 10.5.6 a letter with Ross Connolly dated 4 February 2021, confirming the terms of his appointment as a non-executive director of the Company. Mr Connolly is not entitled to a fee and no compensation is payable for loss of office. The appointment may be terminated in accordance with the terms of the investment agreement referred to in paragraph 12.11 of Part VII and otherwise on three months' notice;
- 10.5.7 a letter with David Gardner dated 4 February 2021, confirming the terms of his appointment as a non-executive director of the Company. Mr Gardner is not entitled to a fee and no compensation is payable for loss of office. The appointment may be terminated in accordance with the terms of the investment agreement referred to in paragraph 12.11 of Part VII] and otherwise on three months' notice;
- 10.5.8 a consultancy agreement with Alexia Blake dated 12 October 2020, pursuant to which Ms. Blake was appointed as Head of Research and Product Development of the Company for annual fees of £96,000, payable on receipt of monthly invoices in arrears. The appointment is terminable on three months' notice on either side. Ms. Blake has agreed to post termination restrictive covenants that are typical for a person of her seniority;
- 10.5.9 a services agreement with Sara Hemming Studio dated 21 February 2021, pursuant to which Sara Hemming's services will be provided to the Company. The fees payable to Sara Hemming Studio are £5,000 per month. This replaces an earlier agreement with Sara Hemming dated 20 November 2019, pursuant to which Ms. Hemming was appointed as Creative Director of the Company for a fee of £5,000 per month, payable monthly in arrears plus the grant of a warrant over 2,000,000 Ordinary Shares. The appointment was for an initial term of 12 months and is terminable on three months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Ms. Hemming is in material breach of the terms of the appointment.
- 10.6 The aggregate remuneration paid and benefits in kind granted to the Directors and Senior Management for the period from incorporation to Admission, under the arrangements in force at the date of this document, amount to £345,000. It is estimated that the aggregate remuneration payable to the Directors and Senior Management from the date of Admission to 31 August 2021 under arrangements that are in force and that will come into effect on Admission will amount to £360,000.

- 10.7 Except as set out above, there are no liquidated damages or other compensation payable by the Company upon early termination of the contracts of the Directors and Senior Management. None of the Directors or Senior Management has any commission or profit sharing arrangements with the Company.
- 10.8 Except as provided for in paragraph 10.6 above, the total emoluments of the Directors and Senior Management will not be varied as a result of Admission.
- 10.9 Except as disclosed in this paragraph 10, there are no existing or proposed service contracts between the Company and any of the Directors or Senior Management which are not terminable on less than 12 months' notice, nor have any of their letters of appointment or service contracts been amended in the six months prior to the date of this document.
- 10.10 Except as disclosed in this paragraph 10, there are no amounts set aside or accrued by the Company to provide pension (other than statutory auto-enrolment pension), retirement or similar benefits, nor are any such arrangements proposed.
- 10.11 In addition to their directorships of the Company, the Directors and Senior Management are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships (which, unless otherwise stated, are incorporated in the UK) within the five years prior to the publication of this document:

<i>Director/Senior Manager</i>	<i>Current Appointments</i>	<i>Previous Appointments</i>
Peter Wall	Argo Blockchain PLC Vernon Blockchain Inc. (Canada) Weave Technologies Inc. (Canada)	Entobiotics Inc (Canada) Orange 22 Pte. Ltd (Singapore)
Alexis Abraham	Googly eSports PLC Onetix Ltd 8 Ladbroke Square Limited 81 Oxford Gardens RTM Company Limited	Companies With Grace Ltd Very Important Announcements Ltd
Simon Walters	Guild Esports PLC Headline FD Limited The Restaurant Club Limited TPS DEZ Retentions Limited Signature Dish Limited	Otaq PLC
Eric Chang	Ampersand Ventures Ltd, (Canada) The Drops eSports, Inc. (Canada)	None
Darcy Taylor	Pioneer Media Holdings, Inc. (Canada)	LEAF Mobile Inc. (Canada) 1182533 B.C. Ltd (Canada)
Ross Connolly	Capsports Limited	Wings for Life UK Spinal Cord Research Foundation
David Gardner	Beckham Brand Limited	DBrazil TV Limited

DB Ventures Limited
 Footwork Management Limited
 Guild Esports PLC
 My Little Soldier Productions
 Limited
 Studio 99 Limited
 Tanner Krolle International
 Limited
 7 Global LLP

Alexia Blake	None	None
Sara Hemming	S. Hemming Ltd Epara Limited Nataal Limited	None

10.12 No Director or member of the Senior Management has:

- 10.12.1 had any convictions in relation to fraudulent offences or unspent convictions in relation to indictable offences;
- 10.12.2 had a bankruptcy order made against him or her or entered into an individual voluntary arrangement;
- 10.12.3 been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer which has been placed in receivership, liquidation, administration, or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was acting in that capacity for that company or within the 12 months after he ceased to so act;
- 10.12.4 been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the 12 months preceding such event;
- 10.12.5 been subject to receivership in respect of any asset of such Director or of a partnership of which the Director was a partner at the time of or within 12 months preceding such event; or
- 10.12.6 been subject to any official public criticisms by any statutory or regulatory authority (including designated professional bodies) nor has such Director been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

10.13 No Director or Senior Manager has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.

10.14 In the case of those Directors or Senior Management who have roles as directors of companies other than the Company or are otherwise interested in other companies or businesses, although there are no current conflicts of interest, it is possible that the general duties under chapter 2 of part 10 CA 2006 and fiduciary duties owed by those Directors to companies or other businesses of which they are directors or otherwise interested in from time to time may give rise to conflicts of interest with the duties owed to the Company. Except as mentioned above, there are no potential conflicts of interest between the duties owed by the Directors to the Company and their private duties or duties to third parties.

10.15 Except for the Directors and the Senior Management, the Board does not believe that there are any other senior managers who are relevant in establishing that the Company has the appropriate expertise and experience for the management of the Company's business.

11. Share Option Schemes

As at the date of this document, the Company has not adopted a share option scheme. It, however, intends to do so following Admission for the purpose of incentivising and retaining employees and directors of the Company.

12. Material Contracts

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company in the period since incorporation or are other contracts that contain provisions under which the Company has an obligation or entitlement which is material to the Company as at the date of this document.

12.1 *Design and marketing contracts*

12.1.1 On 14 February 2021 the Company entered into a contract with Conscious Partners Inc. Pursuant to the terms of this agreement, the Company has appointed Conscious Partners to plan, execute, manage and report on the Company's paid online advertising campaigns. Conscious Partners will review and analyse the effectiveness of such efforts and optimise the process to ensure the Company's marketing spend is most effectively utilised. In consideration of the services provided to the Company, the Company will pay Conscious Partners a percentage of the marketing spend, plus approved expenses.

12.1.2 On 11 January 2021 the Company entered into a corporate communications contract with Tancredi Intelligent Communications Limited. Pursuant to the terms of this agreement, the Company has appointed Tancredi to manage the Company's communication messaging and manage media enquiries so as to ensure consistent messaging across all of the Company's media channels and engagement. In consideration of the services provided to the Company, the Company will pay Tancredi a monthly fee, plus approved expenses.

12.2 *Manufacture, supply and testing contracts*

12.2.1 On 16 October 2020 the Company engaged Arcania Apothecary Limited to carry out all stages of contract development and manufacturing of the product including pre-formulation, formulation development, stability studies, method development, formal stability, scale-up, registration batches, and ultimate commercial production at scale. In consideration of the services provided to the Company, the Company will pay to Arcania a fixed fee per service per product line plus approved expenses. The engagement is governed by Arcania's standard terms and conditions.

12.2.2 On 10 November 2020 the Company entered into term sheet with Purisys LLC pursuant to which the parties have agreed to enter into a three year supply agreement under which Purisys will supply synthetic CBD to the Company. In consideration of the services provided to the Company, the Company will pay Purisys an agreed rate per KG plus approved transport costs. To ensure the Company's stable cost base for its first product and to ensure the Company has sufficient product on hand, the Company will pre-purchase CBD in bulk to allow the Company to produce its anticipated first year demand.

12.2.3 On 1 February 2021 the Company entered into a term sheet with Demetrix, Inc. pursuant to which the parties have agreed to enter into a three year supply agreement under which Demetrix, Inc. will supply bio-synthetic cannabinoids to the Company. In consideration of the services provided to the Company, the Company will pay Demetrix, Inc. an agreed rate per KG plus approved transport costs.

12.2.4 On 28 January 2021 the Company entered into a term sheet with Willow Biosciences, Inc. pursuant to which the parties have agreed to enter into a one year supply agreement under which Willow Biosciences, Inc. will supply bio-synthetic cannabinoids to the Company. In consideration

of the services provided to the Company, the Company will pay Willow Biosciences, Inc. an agreed rate per KG plus approved transport costs.

12.2.5 On 2 February 2021 the Company entered into a term sheet with Lygos Inc. pursuant to which the parties agreed to enter into a supply agreement under which Lygos Inc. will supply CBD and CBG to the Company. In consideration of the services provided to the Company, the Company will pay Lygos Inc. an agreed rate per KG plus approved transport costs.

12.2.6 The Company will engage Medic Pro Limited and Fera Science Limited as independent testing laboratories, who will test the Company's supply of CBD and end products to ensure that they comply with stated ingredient purity, strengths, and applicable law and regulation as to the content. In consideration of the services the Company will pay each of Medic Pro and Fera (as applicable) fees based on the services provided by them, determined in accordance with an agreed schedule of fees. The engagements with each of Medic Pro and Fera are on the respective company's standard terms and conditions.

12.3 ***IT Development***

On 1 January 2021 the Company entered into a contract with Myles Palmer. Pursuant to the terms of this agreement, the Company has appointed Mr Palmer to scope, build and support the Company's corporate website, consumer-facing transactional website, cross-platform mobile applications, and associated API interfaces. In consideration of the services provided to the Company, the Company will pay Mr Palmer £5,000 per month and has granted him warrants over 500,000 Ordinary Shares.

12.4 ***Agreements with Brokers***

12.4.1 On 14 February 2021 the Company entered into an engagement letter with Tennyson pursuant to which Tennyson will act as a joint broker in connection with the Placing. Under the terms of this engagement letter Tennyson is entitled to (i) a broking commission of 5 per cent of all funds raised by Tennyson, (ii) a discretionary broking commission of up to 1 per cent., of all funds raised by Tennyson, (iii) the grant of broker warrants over 5 per cent. and (iv) a discretionary grant of broker warrants of up to 1 per cent., in each case, of the new shares issued to investors introduced by Tennyson. The broker warrants are at the Placing Price and are for a term of three years. The engagement may be terminated by either party on one month's written notice or by either party immediately following a material breach.

12.4.2 On 11 December 2020 the Company entered into a broker agreement with Tennyson under which Tennyson agreed to act as the Company's broker for a minimum period of twelve months following the effective date of the agreement, being 1 January 2021. The Company will pay Tennyson an annual retainer fee of £60,000, payable quarterly in advance. The engagement may be terminated by either party on three months' written notice or by either party immediately following a material breach.

12.4.3 On 22 December 2020, the Company entered into broker agreement with Novum pursuant to which Novum will act as a joint broker in connection with the Placing. Under the terms of this engagement letter Novum is entitled to (i) an annual broking retainer of £40,000 (ii) a broking commission of six per cent of all funds raised by Novum, (iii) the grant of broker warrants over six per cent. of the new shares issued to investors introduced by Novum. The engagement may be terminated by either party on three months' written notice after the first anniversary of the agreement or by either party immediately following a material breach.

12.4.4 On 11 February 2021 the Company entered into an engagement letter with PrimaryBid pursuant to which PrimaryBid agreed to arrange a retail offer of the Ordinary Shares through its platform. On Admission, PrimaryBid is entitled to a broker fee of 6% of the gross proceeds raised by it, subject to a minimum fee of £25,000. In addition to this, the Company has agreed to pay PrimaryBid a fee in warrants which will be equal to 6% of the gross proceeds raised by PrimaryBid.

12.4.5 On 29 January 2020 the Company entered into an engagement letter with Kiyō Capital Limited pursuant to which the latter agreed to provide fundraising advice and services to the Company in consideration of a monthly retainer of £2,000 plus VAT and a commission of 5 per cent of all funds raised by Kiyō Capital Limited. The appointment is terminable on 30 days' notice on either side.

12.5 **Placing Agreement**

Pursuant to the placing agreement dated 22 February 2021 between the Company, Tennyson, Novum and the Directors (**Placing Agreement**), Tennyson and Novum have, subject to certain conditions, agreed to use their respective reasonable endeavours to procure subscribers for Placing Shares pursuant to the Placing. The Placing Agreement may be terminated by Tennyson and Novum in certain customary circumstances prior to Admission. The obligation of Tennyson and Novum to use their respective reasonable endeavours to procure subscribers for Placing Shares is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, *inter alia*: (i) Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 26 February 2021 (or such later time and/or date, not being later than 31 March 2021, as the Company, Tennyson and Novum may agree; and (ii) the Placing Agreement not having been terminated in accordance with its terms. For their services in connection with the Placing and provided that the Placing Agreement becomes wholly unconditional and is not terminated, Tennyson and Novum will be entitled to the fees set out in their engagement letters referred to in paragraphs 12.4.1 and 12.4.3 of this Part VII. The Company and Directors have given warranties to Tennyson and Novum and the Company has given an indemnity, concerning, *inter alia*, the accuracy of the information contained in this Prospectus. The warranties and indemnities given by the Company are standard for an agreement of this nature. The Placing Agreement is governed by the laws of England and Wales.

12.6 **Registrar Agreement**

The Company and the Registrar have entered into an agreement with the Registrar dated 10 February 2021 (**Registrar Agreement**), pursuant to which the Registrar has agreed to act as registrar to the Company and to provide transfer agency services and certain other administrative services to the Company in relation to its business and affairs. The Registrar is entitled to receive an annual fee for the provision of its services under the Registrar Agreement. The annual fee will be calculated on the basis of the number of holders of shares in the Company and the number of transfers of such shares. The Registrar Agreement will continue for an initial period of three years and thereafter may be terminated upon the expiry of six months' written notice given by either party. In addition, the agreement may be terminated immediately if either party commits a material breach of the agreement which has not been remedied within 30 days of a notice requesting the same, or upon an insolvency event in respect of either party. The Company has agreed to indemnify the Registrar against, and hold it harmless from, any damages, losses, costs, claims or expenses incurred by the Registrar in connection with or arising out of the Registrar's performance of its obligations in accordance with the terms of the Registrar Agreement, save to the extent that the same arises from some act of fraud or wilful default on the part of the Registrar. The Registrar may delegate the carrying out of certain matters which the Registrar considers appropriate without giving prior written notice to the Company. The Registrar Agreement is governed by English law.

12.7 **Advisor agreements**

The Company has entered into advisor agreements all dated 1 February 2021 with each of Cadigal Advisors Pty. Limited (Australia), Caprice Management Pte Limited (Singapore), Global Holdings, Inc. (Australia), NLX Capital Corp (Canada) and Pallasite Ventures (Canada) under which each advisor agreed to promote the interests of the Company and to assist it with fundraising. For their services, each advisor has been granted warrants over 1,000,000 Ordinary Shares. In addition, on 4 February 2021 the Company entered into an adviser agreement with Daniel Weil (UK) on the same terms other than that Mr Weil has been granted warrants over 500,000 Ordinary Shares.

12.8 **Relationship agreement**

On 19 February 2021 the Company entered into a relationship agreement with Durban Holdings Ltd pursuant to which the Company and Durban agreed certain matters, including but not limited to undertakings from Durban to ensure that the Company will be capable at all times of carrying on its business independently of the influence from Durban, and granting Durban the right to nominate a representative to the board of the Company for so long as it owns at least 15 per cent of the issued share capital of the Company. Durban is a company owned in equal shares by the Company's founders, Jonathan Bixby and Mike Edwards.

12.9 **Lock-in agreements**

Under a lock-in agreement dated 22 February 2021, the Directors, the Senior Managers and certain of the Company's early shareholders (namely Durban Holdings Limited, Aja Ventures, Inc. and DB Ventures Limited), who in aggregate will hold 163,100,000 Ordinary Shares on Admission, have undertaken to the Company and Tennyson that, other than in certain limited circumstances (such as disposals pursuant to a takeover of the Company, a court order or the death of a Director), they will not, and will procure that any associated party will not, dispose of any interest they hold in the respective Ordinary Shares for 12 months from Admission. In addition, 28 other shareholders who in aggregate will hold 91,160,000 Ordinary Shares on Admission, have undertaken to the Company and Tennyson that except in certain limited circumstances (such as disposals pursuant to a takeover of the Company, a court order or the death of a Director) or with the consent of the Tennyson, they will not, and will procure that any associated party will not, dispose of any interest they hold in the respective Ordinary Shares for six months from Admission.

12.10 **Warrant Instrument**

On 2 February 2021, the Company executed the Warrant Instrument (**Warrant Deed**) pursuant to which the Company authorised the grant of up to 50,000,000 warrants over ordinary shares (**Warrants**) at such exercise price and on such terms (including as to vesting, exercise and lock-in) as are from time to time agreed by the Directors. On 21 February 2021, the Warrant Deed was amended to increase the number of Warrants which could be granted under the Warrant Deed from 50,000,000 to 53,000,000. As at 21 February 2021, being the last practicable date before the publication of this document, the Company (i) had granted warrants over 29,000,000 Ordinary Shares to the Directors and Senior Management as set out in paragraph 10.2 of Part VII; (ii) had granted warrants over 10,500,000 Ordinary Shares to advisers as set out in paragraph 4.17 of Part VII; and (iii) has, pursuant to the engagement letters referred to in paragraph 12.4 of Part VII, agreed to grant warrants over a further 12,960,000 Ordinary Shares in aggregate to Tennyson, Novum and PrimaryBid, such warrants being exercisable at the Placing Price for three years from Admission.

12.11 **Investment agreement**

On 17 December 2020, the Company and DB Ventures Limited entered into an investment agreement pursuant to which DB Ventures Limited agreed to subscribe for 25,000,000 Ordinary Shares at a subscription price of £0.01 per Ordinary Share. Until Admission, the investor has certain enhanced information rights (right to receive financial information and other information on request) and the right to participate in any further issues of Ordinary Shares to maintain or achieve a 5% interest in the Company. In addition, the investor has the right to appoint two directors to the Board subject to any such

director being approved in advance by the Company, such right to expire if David Beckham ceases to hold 2.5% or more of the issued Ordinary Shares. As an acknowledgement that the investor will receive information from its nominated directors, it agreed to treat such information as insider information and comply with MAR. Ross Connolly and David Gardner are the investor's nominated directors.

13. Founders

The founders of the Company are Jonathan Bixby and Mike Edwards both of 401 W Georgia St #700, Vancouver, BC V6B 5A1, Canada. Mr Bixby and Mr Edwards are serial entrepreneurs who seek out opportunities in high-growth, novel sectors. Neither Mr Bixby nor Mr Edwards have any day-to-day function within the Company.

14. Working capital

The Company is of the opinion that the working capital available to the Company, taking into account the Net Proceeds, is sufficient for the Company's present requirements, that is, for at least the next 12 months from the date of this document.

15. Litigation

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened so far as the Company is aware) in the past 12 months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

16. Intellectual property

The Company is not dependent on any patents or licences, industrial, commercial or financial contracts, or new manufacturing processes, where such are of fundamental importance to the Company's business or profitability.

17. Premises

The Company does not own any premises or hold any leasehold interests in any properties.

18. Employees

The Company currently employs five people including the executive directors and currently engages four non-executive directors and six consultants.

19. Related Party Transactions

The Company is not party to any transactions with related parties for the period covered by the historical financial information up to the date of this document.

20. No significant change and narrative statement

20.1 At the date of this document, there has been no significant change in the financial position or performance of the Company since 31 August 2020, being the date as at which the financial information contained in Part VI: Financial Information on the Company and the Group has been prepared (being the last financial period for which financial statements or interim financial statements have been published), except for the following matters, each of which the directors consider have caused a significant change in the financial position of the Company and the Group due to the Company and the Group being newly established which has not commenced substantial operations:

- 20.1.1 a fundraising raising gross proceeds of £1,116,000 by the issue of 116,000,000 Ordinary Shares at a price of £0.01 per share;
- 20.1.2 the Fundraising (the Fundraising generating gross proceeds received by the Company of £13,000,000);
- 20.1.3 the contingent liabilities assumed by the Company to pay fees under agreements referred to in paragraph 12 of this Part VII;
- 20.1.4 the Directors' service agreements and letters of appointment as set out in paragraph 10.5 of this Part VII (comprising £486,000 per annum in aggregate); and

- 20.1.5 the expenses of the Company referred to in paragraph 24.3 of this Part VII amounting to approximately £1,161,890.
- 20.2 Had the Fundraising occurred on 31 August 2020, the date to which the historical financial information has been prepared, then the Company's assets would have been increased by £11,838,110, being the amount raised in the Fundraising, being £13,000,000 less estimated expenses of £1,161,110 (including irrecoverable VAT).

21. Trend Information

- 21.1 The Company is newly established and has not yet released its initial products to market. As a result, there has been no activity regarding production, sales, inventory and costs and selling prices from which to form a trend.
- 21.2 Upon the release of the Company's first product, the Company envisages that the initial demand for its products will be from satisfying pre-orders, and thereafter the general availability of the product, including from repeat orders from customers. While the directors have modelled the demand for the Company's initial product, the actual demand may differ and therefore any change in demand may have a material effect on the Company's prospects during the financial year.

22. Mandatory bids and compulsory acquisition rules relating to ordinary shares

- 22.1 Other than as provided by the City Code and Chapter 28 CA 2006, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares.
- 22.2 The City Code is issued and administered by the Takeover Panel.
- 22.3 The City Code will apply to the Company from Admission and the Shareholders will be entitled to the protection afforded by the City Code.
- 22.4 There have been no public takeover bids for the Company's shares.

Mandatory bid provisions

- 22.5 Under Rule 9 of the City Code, when: (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons in which he is already interested and in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company subject to the City Code; or (ii) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Takeover Panel, that person, and any person acting in concert with him, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by him and his concert party.
- 22.6 Except where the Takeover Panel permits otherwise, an offer under Rule 9 of the City Code must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any shares in the company by the person required to make the offer or any person acting in concert with him. Offers for different classes of equity share capital must be comparable; the Takeover Panel should be consulted in advance in such cases.

Squeeze-out

- 22.7 Under CA 2006, if a "takeover offer" (as defined in section 974 CA 2006) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the Ordinary Shares to which the offer relates and not less than 90% of the voting rights carried by the Ordinary Shares to which the offer relates, it could, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their Ordinary

Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration for the outstanding Ordinary Shares to the Company, which would hold the consideration on trust for outstanding members. The consideration offered to the minority shareholder whose shares are compulsorily acquired must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

Sell-out

22.8 CA 2006 also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% in value of the Ordinary Shares and not less than 90% of the voting rights carried by the Ordinary Shares, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror is required to give any member notice of its right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises its rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

23. City Code

Pursuant to the terms of the City Code, the following shareholders are believed to be acting in concert with one another: Durban Holdings Ltd, Toro Consulting Ltd, Alexis Abraham, Timothy Le Druillenec, Paniolo Ventures Inc., Pallasite Ventures Inc., Wealth Investment Blockchain Company Ltd, DFJ Capital Inc., Scott Fletcher, Andrew Frangos, Marallo Holdings Inc. and Ampersand Ventures Ltd. The Concert Party, being the persons listed above, together hold 60.84% of the Company's share capital immediately prior to Admission, and are expected to hold 27.99% of the Company's share capital immediately following Admission. Immediately following Admission, and for such time as the Concert Party holds an interest in shares which in the aggregate carry not less than 30% of the voting rights of the Company but does not hold shares carrying more than 50% of such voting rights, no member of the Concert Party will be able to buy or otherwise acquire any interest in shares carrying voting rights in the Company without making a general offer pursuant to rule 9 of the City Code, except with the consent of the Panel.

24. General

24.1 PKF Littlejohn LLP were appointed as the auditors of the Company on 13 February 2020. PKF Littlejohn LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales at the address of 15 Westferry Circus, Canary Wharf, London E14 4HD.

24.2 PKF Littlejohn LLP which has no material interest in the Company, has given and has not withdrawn its written consent to (1) the issue of this document with the inclusion of the references to its name and (2) the inclusion of the following reports in Part VI of this document:

24.2.1 Accountant's Report on the Historical Financial Information of the Company; and

24.2.2 Historical Financial Information of the Company;

and has authorised the contents of its report for the purposes of the Prospectus Regulation Rules.

24.3 The total costs and expenses of or incidental to the Fundraising and Admission payable by the Company are expected to be approximately £1,161,890 (including irrecoverable VAT).

24.4 The Directors are not aware of any environmental issues which may affect the Company's utilisation of its tangible fixed assets (if any).

24.5 The Company's accounting reference date is 31 August.

24.6 The financial information relating to the Company contained in this document does not constitute statutory accounts for the purposes of section 434 CA 2006.

- 24.7 Since incorporation, the Company has not made up any financial statements or published any financial information save for the information contained in Part VI of this document. The number of employees at the end of the financial period for which the information contained in Part VI of this document was prepared was nil.
- 24.8 The New Ordinary Shares will be issued and allotted under the laws of England and their currency will be pounds sterling. The Placing Price represents a premium of fifty times the nominal value of an Ordinary Share which is £0.001.

25. Documents available for inspection

Copies of the following documents may be inspected at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG during normal business hours of any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until a date one month following Admission:

- 25.1 the Articles;
- 25.2 the consent letter of PKF Littlejohn LLP;
- 25.3 this document;
- 25.4 the service agreements and letters of appointment of the Directors referred to in paragraph 10.5 of this Part VII; and
- 25.5 the material contracts referred to in paragraph 12 of this Part VII.

26. Intermediaries

- 26.1 The Intermediaries authorised at the date of this Document to use this Document in connection with the Intermediaries Offer are: PrimaryBid Limited of The Royal Institution, 21 Albemarle Street, London W1S 4BS.
- 26.2 Any new information with respect to Intermediaries unknown at the time of approval of this document, including in respect of any Intermediary that is appointed by the Company in connection with the Intermediaries Offer after the date of this Document following its agreement to adhere to and be bound by the terms of the Intermediaries Terms and Conditions and any Intermediary that ceases to participate in the Intermediaries Offer, will be made available (subject to certain restrictions) at the Company's website at www.cellulargoods.co
- 26.3 The Intermediaries Terms and Conditions regulate the relationship between the Company and each of the Intermediaries that has been accepted by the Company to act as an Intermediary.
- 26.4 The Intermediaries have agreed that, in connection with the Intermediaries Offer, they will be acting for themselves or as agent for retail equity investors in the United Kingdom who wish to acquire New Ordinary Shares under the Intermediaries Offer (**Underlying Applicants**). Neither the Company nor the Joint Brokers will have any responsibility for any liability, costs or expenses incurred by any Intermediary.
- 26.5 In order to be eligible to be considered by the Company for appointment as an Intermediary, each intermediary must be authorised by the FCA or the Prudential Regulatory Authority in the United Kingdom with the appropriate authorisation to carry on the relevant activities in the United Kingdom, and in each case have appropriate permissions, licences, consents and approvals to act as Intermediary in the United Kingdom. Each Intermediary must also be a member of CREST or have arrangements with a clearing firm that is a member of CREST.
- 26.6 Applications for up to a maximum of 68,000,000 Ordinary Shares in aggregate may be accepted under the Intermediaries Offer. A minimum application amount of £100 per Underlying Applicant will apply. There is no maximum limit on the monetary amount that Underlying Applicants may apply to invest. The Intermediaries have agreed not to make more than one application per Underlying Applicant. Any application made by equity investors through any Intermediary is subject to the terms and conditions agreed with each Intermediary. Allocations of New Ordinary Shares under the Intermediaries Offer will be at the absolute discretion of the Company. If there is excess demand for New Ordinary Shares in the

Intermediaries Offer, allocations of New Ordinary Shares may be scaled down to an aggregate value which is less than that applied for. Each Intermediary will be required by the Company to apply the basis of allocation to all allocations to Underlying Applicants who have applied through such Intermediary.

- 26.7 By completing and returning the Intermediaries Offer Application Form, the Intermediary will be deemed to have irrevocably agreed to invest or procure the investment in new Ordinary Shares of the aggregate amount stated on the Intermediaries Offer Application Form or such lesser amounts in respect of which such application may be accepted. The Company reserves the right to reject, in whole or in part, or to scale down, any application for new Ordinary Shares in the Intermediaries Offer.
- 26.8 The Intermediaries will receive a commission of 6% of the amount equal to the Placing Price multiplied by the aggregate number of new Ordinary Shares subscribed pursuant to the Intermediaries Offer.

PART VIII DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise. References in this document to European Union legislation are to that legislation as it has effect in domestic English law:

Admission	the effective admission of the Ordinary Shares to listing on the Official List and trading on the London Stock Exchange's main market for listed securities.
Articles	the articles of association of the Company.
Board or Directors	the directors of the Company whose names are set out on page 36 of this document.
CA 2006	the Companies Act 2006.
City Code	the City Code on Takeovers and Mergers published by the Takeover Panel.
Company or Cellular	Cellular Goods PLC, incorporated in England and Wales with registered number 11537452.
CREST	the paperless share settlement system and system for the holding and transfer of shares in uncertified form in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations).
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended.
Disclosure and Transparency Rules	the disclosure and transparency rules of the FCA.
Enlarged Share Capital	the issued ordinary share capital of the Company on Admission and immediately following completion of the Fundraising, comprising the Existing Ordinary Shares and the New Ordinary Shares.
European Economic Area or EEA	territories comprising the European Union together with Norway, Iceland and Liechtenstein.
Existing Ordinary Shares	the 244,750,000 Ordinary Shares in issue at the date of this document.
FCA or Financial Conduct Authority	the Financial Conduct Authority of the United Kingdom Authority.
FRC Corporate Governance Code	the Corporate Governance Code, published by the Financial Reporting Council.
FSMA	the Financial Services and Markets Act 2000.
Fundraising	the Placing and the Intermediaries Offer.
HMRC	HM Revenue & Customs.

Intermediaries	the entities listed in paragraph 26 of Part VII, together with any other intermediary (if any) that is appointed by the Company in connection with the Intermediaries Offer after the date of this document and Intermediary means any one of them.
Intermediaries Offer	the offers of New Ordinary Shares by the Intermediaries as described in Part III.
Intermediaries Offer Letter	the subscription letter between the Company and PrimaryBid for the Intermediaries Offer Shares.
Intermediaries Offer Shares	up to 68,000,000 new Ordinary Shares which are proposed to be issued pursuant to the Intermediaries Offer.
Intermediaries Terms and Conditions	the terms and conditions agreed between the Company and the Intermediaries in relation to the Intermediaries Offer.
Joint Brokers	Tennyson and Novum, the Company's joint brokers.
Listing Rules	the Listing Rules of the FCA.
London Stock Exchange	London Stock Exchange plc.
Market Abuse Regulation	Regulation (EU) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse.
Net Proceeds	£11,838,110, being the funds received by the Company under the Fundraising less any expenses paid or payable in connection with Admission and the Fundraising.
New Ordinary Shares	the Placing Shares and the Intermediaries Offer Shares.
Novum	Novum Securities Limited.
Official List	the Official List maintained by the FCA.
Ordinary Shares	ordinary shares of £0.001 each in the capital of the Company, including, where the context requires, the New Ordinary Shares.
Overseas Shareholders	holders of Ordinary Shares who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or persons who are nominees or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK which may be affected by the laws or regulatory requirements of the relevant jurisdictions.
Placing	the proposed conditional placing of the Placing Shares by or on behalf of the Company at the Placing Price and on the terms and subject to the conditions set out in this document.
Placing Agreement	has the meaning set out in paragraph 12.5 of Part VII.

Placing Price	five pence per Ordinary Share.
Placing Shares	the 192,000,000 new Ordinary Shares which are proposed to be issued pursuant to the Placing.
Premium Listing	a Premium Listing on the Official List under Chapter 6 of the Listing Rules.
PrimaryBid	PrimaryBid Limited (registered in England and Wales with number 08092575) whose registered office is at The Royal Institution, 21 Albemarle Street, London W1S 4BS.
Prospectus Regulation or PR Regulation	the Regulation of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (no. 2017/1129), which forms part of domestic law pursuant to the European Union (Withdrawal) Act 2018).
Prospectus Regulation Rules	the Prospectus Regulation Rules of the FCA.
QCA Corporate Governance Code	the QCA Corporate Governance Code 2018, published by the Quoted Companies Alliance.
Registrar	Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS13 8AE.
Regulation S	Regulation S promulgated under the Securities Act.
Regulated Information Service or RIS	one of the regulated information services authorised by the RIS or FCA to receive, process and disseminate regulator information in respect of listed companies.
Reverse Takeover	a transaction defined as a reverse takeover in Listing Rule 5.6.4R.
Securities Act	the United States Securities Act of 1933, as amended.
Senior Manager or Senior Management	Alexia Blake and Sara Hemming further details of whom are set out in paragraph 2 of Part II.
Shareholders	holders of Ordinary Shares.
Standard Listing	a standard listing on the Official List under Chapter 14 of the Listing Rules.
subsidiary	has the meaning given to it by section 1159 CA 2006.
Takeover Panel	the Panel on Takeovers and Mergers.
Tennyson	Tennyson Securities, a trading name of Shard Capital Partners LLP.
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland.
UK Listing Authority or UKLA	the FCA acting in its capacity as the competent authority for the

	purposes of Part VI of FSMA in the exercise of its functions in respect of, among other things, the admission to the Official List.
United States, US or USA	the United States of America, its territories and possessions.
Warrant Instrument	the instrument described in paragraph 12.10 of Part VII.
Warrant Shares	the Ordinary Shares to be issued pursuant to the Warrants.
Warrants	warrants over Ordinary Shares, granted pursuant to the Warrant Instrument as referred to in paragraph 4.17 of Part VII.

PART IX
TECHNICAL GLOSSARY

The following technical terms are used throughout this document unless the context requires otherwise:

Cannabis	a psychoactive drug from the cannabis plant, also known as marijuana.
CBD	Cannabidiol, a phytocannabinoid.
Hemp	strains of <i>Cannabis sativa</i> , which are listed in the European Union's Common Catalogue of Varieties of Agricultural Plant Species, and in which the THC content in the plant does not exceed a concentration of 0.2%.
THC	Tetrahydrocannabinol, the psychoactive cannabinoid contained within certain strains of Cannabis