

# Cellular Goods

**Consumer**
**22 October 2021**

## Commercial launch imminent

Cellular Goods was established in 2018 with the aim of developing premium, research-backed, consumer products, based on biosynthetic cannabinoids. These include skincare products, the first to be formulated with CBG (a rare cannabinoid supplied by Willow Biosciences) following positive studies. Additional partnerships have been formed with leading biosynthetic cannabinoid manufacturers in the United States and Canada. The intention is to launch the first two products under the Cellular Goods brand in the UK before the year end. The company's website will be the initial distribution channel with other sales partnerships planned.

## Commercial launch of ingestibles accelerated

In August 2021 the company announced a supply agreement with Chanelle McCoy Health (CMH) a developer of ultra-pure CBD products founded by pharmaceutical industry veterans. CMH products are fully compliant with the novel foods regulations in the UK and EU, certified under Good Manufacturing Practice (GMP) standards. The agreement will enable Cellular Goods to launch the ingestibles range a year ahead of schedule in Q421, which will reduce planned R&D costs and provides access to a range of other CMH novel food compliant products.

## Growing acceptance of cannabinoid products

Regulatory changes have stimulated robust growth in the UK and European markets for cannabinoid-based products. Key changes were the November 2020 confirmation from the European Commission that CBD is not considered a narcotic and the World Anti-Doping Agency removing CBD from its list of prohibited substances. The UK now has the world's most developed regulatory framework for legal cannabinoids according to the Association for the Cannabinoid Industry, with a market worth £690m in 2021, second only to the United States.

## Pioneer on the LSE

Cellular Goods raised £13m (initial plan was to raise £8m) in February 2021 through a 13x oversubscribed IPO on the London Stock Exchange (LSE), issuing 51.5% of the company to a mix of retail and institutional investors. In so doing, it became the first provider of consumer products based on biosynthetic cannabinoids to join the LSE. David Beckham has a 5% shareholding via DB Ventures.

## Milestones

Key milestones ahead are the product launches of skincare and ingestible ranges in 2021, followed by athletic recovery and other wellness products in 2022, as well as expansion into European markets. Increasing the distribution channels can also be expected via partnerships with online and physical retailers.

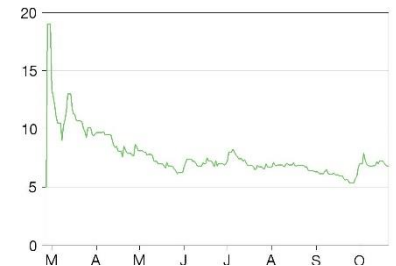
### Historic financials

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
08/20	0.0	(0.3)	(0.26)	N/A	N/A	N/A
H121	0.0	(2.1)	(0.01)	N/A	N/A	N/A

Source: Cellular Goods

**Price** 6.8p  
**Market cap** £34m

### Share price graph



### Share details

Code CBX  
 Listing LSE  
 Shares in issue 505m

### Business description

Cellular Goods is a UK-based provider of premium consumer products based on lab-made cannabinoids. The initial focus is on cannabigerol (CBG) skincare, cannabidiol (CBD) ingestibles and topical athletic recovery. These will be distributed through partnerships with leading online and physical retailers and via the company's website.

### Bull

- Growing consumer acceptance of cannabinoid-based products following regulatory changes.
- The UK is the world's second largest market for legal cannabinoids and is highly regulated.
- All Cellular Goods' biosynthetic suppliers are fully compliant with regulations.

### Bear

- The company is pre-revenue and consumer acceptance of its products is uncertain.
- The cannabinoid market is a highly fragmented and competitive market.
- The company is likely to be loss-making in the near term.

### Analyst

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