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Acacia Pharma Group plc: Interim Results for the First Half Year 2018

Cambridge, UK and Indianapolis, US - 7 September 2018: Acacia Pharma Group plc ("Acacia Pharma", the "Company" or the "Group"), (EURONEXT: ACPH) announces unaudited operating results for the half year ended 30 June 2018. Acacia Pharma is a hospital pharmaceutical company focused on the development and commercialisation of new nausea & vomiting treatments for surgical and cancer patients targeting the improvement of patient outcomes and reduction of hospital costs. A conference call will take place today at 14:00 CEST - details below.

Operating Highlights

- In January, announced the NDA for BARHEMSYS(TM) (intravenous amisulpride) was accepted by the FDA with a target PDUFA date of 5 October 2018
- Successful fundraising & IPO on Euronext Brussels in March and new credit facility secured in June
- In May, FDA confirmed conditional approval of the tradename BARHEMSYS
- In June, FDA indicated that no Advisory Committee was planned and reconfirmed the target PDUFA date
- Significant steps taken towards launch readiness
 - 21 senior commercial and medical staff recruited in the US, each bringing significant product launch and management skills
 - Key suppliers assessed and appointed for product distribution, marketing, advertising
 - Market research studies and advisory boards held with relevant physicians, KOLs and patients to better understand the opportunity to improve the management of PONV and refine plans for product promotion, pricing and positioning
 - Brand development advanced
 - Product supply position strengthened

Financial Highlights for the six months to 30 June 2018 (H1 2018)

- Financial position strengthened through Euronext IPO and fundraising, raising £33.9 million net of expenses, and new \$30 million term loan facility with Hercules Technology Growth Capital.
- Cash & cash equivalents at period end of £35.7million (30 June 2017: £3.6 million)
 - £34.4m held in US dollars to meet expected \$ based expenses leading to the launch of BARHEMSYS
- Balance sheet strengthened through equity financing and elimination of liabilities on preferred share classes and convertible loan notes through issue of Ordinary Shares
- Ordinary shares in issue at period end 53.1 million (30 June 2017: 2.7 million)
- Loss after tax for H1 increased to £5.7 million (H1 2017: £2.7 million) reflecting R&D costs in progressing the NDA, increased sales and marketing costs in preparing for the planned launch of BARHEMSYS and increased general & administrative costs relating to the Euronext listing
- Loss per share 16.1p (H1 2017: 102.5p)

Dr Julian Gilbert, CEO of Acacia Pharma, commented: "Our interactions with healthcare professionals and patients have strengthened our belief in the opportunity to improve the treatment and prevention of

PONV in surgical patients. PONV affects millions of people in the US each year despite the use of current antiemetics. PONV often results in delayed recovery and increased hospital costs as well as being a major cause of patient distress. Hospitals are now placing increasing emphasis on the benefits of moving patients more quickly through the post-surgical process both in terms of the benefits seen to patients in terms of improved outcomes and in reducing hospital costs. Reducing PONV can offer a real advantage to enhanced recovery after surgery."

"The Group continues to take great strides in preparing for the launch, if approved, of BARHEMSYS. I am delighted with the calibre of employee we have managed to attract and the speed with which they have grasped the challenges presented to them and moved our operations forward. I have every confidence we will have a world-class commercial organisation ready to launch BARHEMSYS and deliver its full medical and commercial promise."

Conference Call

A conference call will take place today at 14:00 CEST. Dr Julian Gilbert, CEO and Christine Soden, CFO will present the operational and financial results followed by a Q&A session. The dial-in numbers for the conference call are:

Belgium:0800 746 68

Netherlands:0800 022 9132

UK Toll Free: 0808 109 0700

USA Toll Free: +1 866 966 5335

Standard International Access: +44 (0) 20 3003 2666

The call Password is Acacia.

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Glossary

FDA	The US Food and Drug Administration
NDA	New Drug Application
PDUFA date	Date set by the FDA to review an NDA under the Prescription Drug User Fee Act
PONV	Post-operative nausea and vomiting

About Acacia Pharma

Acacia Pharma is a hospital pharmaceutical company focused on the development and commercialisation of new nausea & vomiting treatments for surgical and cancer patients. The Group has identified important and commercially attractive unmet needs in nausea & vomiting and has discovered two product candidates based on the same active ingredient, amisulpride, to meet those needs.

The Group's lead project, BARHEMSYS(TM) (amisulpride injection) for post-operative nausea & vomiting (PONV) has successfully completed Phase 3 clinical studies and an NDA is under review by the US FDA for marketing approval. Its sister project, APD403 for chemotherapy induced nausea & vomiting (CINV) has successfully completed one proof-of-concept and one Phase 2 dose-ranging study in patients receiving highly emetogenic chemotherapy.

Acacia Pharma is based in Cambridge, UK and its US operations are centred in Indianapolis, IN. The Company is listed on the Euronext Brussels exchange under the under ISIN code GB00BYWF9Y76 and ticker symbol ACPH. www.acaciapharma.com

About BARHEMSYS(TM)

BARHEMSYS comprises a low dose intravenous formulation of the marketed dopamine antagonist amisulpride. The NDA submission for BARHEMSYS, including data from four positive Phase 3 studies and more than 3,300 surgical patients and healthy volunteers, is currently under review by the FDA Under the Prescription Drug User Fee Act (PDUFA), the FDA has set a target date of 5 October 2018 to complete its review.

About PONV

PONV is a common complication of surgery, occurring in approximately 30% of surgical patients and up to 80% of high-risk patients. It is associated with the use of anaesthetic gases and opioid pain-killers and is particularly common following gynaecological, abdominal, breast, eye and ear operations, especially those lasting an hour or more.

The Group estimates that approximately 65 million surgical procedures are conducted in the US each year that require injectable analgesia and are eligible for antiemetic use to prevent PONV. Based on market research, Acacia Pharma estimates that the total market in the US for prophylactic and rescue treatment comprises an estimated 34 million treatment events annually.

PONV has been ranked as the most undesirable of all surgical complications by patients and contributes significantly to patient anxiety and distress. PONV can delay hospital discharge; result in re-admission after in-patient procedures; and lead to day-case patients being admitted to hospital, all of which can result in significantly increased healthcare costs.

Forward looking statements

This announcement includes forward-looking statements, which are based on current expectations and projections about future events. These statements may include, without limitation, any statements preceded by, followed by or including words such as "believe", "expect", "intend", "may", "plan", "will", "should", "could" and other words and terms of similar meaning or the negative thereof. Forward-looking statements may and often do differ materially from actual results. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and investments, including, among other things, the development of its business, trends in its operating industry, and future capital expenditures and acquisitions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, prospectus, growth or strategies and the industry in which it operates. Save as required by law or applicable regulation, the Company and its affiliates expressly disclaim any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise. Forward-looking statements speak only as of the date they are made.

OPERATING REVIEW

Acacia Pharma is a hospital pharmaceutical company focused on the development and commercialisation of new nausea & vomiting treatments for surgical and cancer patients targeting the improvement of patient outcomes and reduction of hospital costs. It is estimated that approximately 16 million surgical patients in the US each year suffer PONV despite having received prior prophylaxis with standard anti-emetics and approximately 18 million patients at high risk of developing PONV could benefit from additional options for prophylaxis.

After completing 4 pivotal Phase 3 clinical studies, the Group prepared and submitted the NDA for BARHEMSYS to the FDA in 2017. The FDA accepted the NDA for filing and has given the company a PDUFA date of 5 October 2018, being the date by which the FDA aims to complete its review of the NDA dossier.

In order to finance its intended launch of BARHEMSYS, if and when approved, the Group issued a Global Offer and on 6 March 2018 successfully raised €40 million gross (€38.5 million after expenses) through the issue of 11,111,111 new Ordinary Shares of £0.02p each at a price per share of €3.60. These shares, together with the existing Ordinary Shares were admitted to listing on Euronext Brussels under the ticker ACPH. The proceeds of this IPO are being applied in developing a hospital-specialist sales and marketing infrastructure and undertake marketing, supply chain and other preparatory activities to launch BARHEMSYS into the US hospital market in 2019.

In April, we announced appointments to four key positions as a step towards building our US commercial organisation. In line with our strategy, we are continuing to successfully recruit highly experienced sales,

marketing, regulatory and operations people to support the launch of BARHEMSYS, each of whom brings significant and relevant commercial experience in launching and marketing hospital pharmaceutical products in the US. The leadership team collectively has more than 155 years of industry experience and over 60 pharmaceutical launches. Our US headcount has risen to 22 and we plan to increase this to approximately 40 by the year end.

Our commercialisation plans assume we will recruit 60 hospital sales representatives immediately prior to launching the product. These representatives will be supported by a strong team of medical sales liaisons and national accounts specialists. We expect to launch BARHEMSYS during H1 2019.

The Group is on track with its launch readiness plan. Contracts have been negotiated with suppliers to deliver the logistics, distribution and order and receivables management processes needed upon approval, negotiations with major wholesalers and national accounts are being planned and processes under way to ensure the Group is licensed to sell BARHEMSYS in each of the key US states. Advisory Board meetings have been held at a number of important medical meetings and market research studies conducted delivering insights into the marketing, positioning and pricing of the product. We plan to be present at the American Society of Anaesthesiologists meeting in October when we will start to bring the importance of good management of PONV further into focus amongst key practitioners.

In May, the FDA conditionally approved the tradename BARHEMSYS. In June, the FDA late-cycle review meeting on BARHEMSYS took place, at which the FDA indicated that it did not plan to convene an Advisory Committee meeting and reconfirmed the target PDUFA date of 5 October 2018.

The Group repaid the remaining £3.7m outstanding on the Silicon Valley Debt facility in June and on 29 June 2018, secured a credit facility of up to \$30 million with Hercules Technology Growth Capital, Inc. providing additional funding to support the intended US launch of BARHEMSYS, drawing \$10 million under the facility at closing. A further \$10 million can be drawn upon receipt of the NDA approval.

The future of the Group is critically dependent on receipt of approval of the NDA for BARHEMSYS. As made clear during the process of the IPO, in order to fund the product launch and post-launch needs and to advance APD403 in CINV, the Group will need to secure additional financing through the issue of further equity and securing additional debt facilities.

Our intellectual property position has been strengthened the grant of an additional PONV patent in the US. Two additional PONV patent applications have been filed internationally and are now published.

In March, leading journal Anesthesiology published pivotal trial data showing that BARHEMSYS in combination with another antiemetic is superior to a single antiemetic in preventing PONV in high-risk surgical patients, a study featured on the front page of the American Society of Anesthesiologists' website.

We were pleased to welcome two new directors to our Board in March: Dr John Brown and Edward Borkowski, each of whom brings extensive experience of pharmaceutical companies and public markets. We are also delighted to welcome our new employees and look forward to adding more key personnel as we push towards our planned launch.

FINANCIAL REVIEW

Sales & marketing costs

As we transition from a research and development led business towards the launch and commercialisation of BARHEMSYS, our expenditures will shift more towards selling and marketing costs. Sales and marketing costs for the first half of 2018 were up £737k to £972k (H1 2017: £235k), the addition of our new employees and activities.

General & administrative costs

General and administrative costs increased significantly in H1 to £2,568k (H1 2017: £485k) reflecting approximately £1,220k of expenses incurred in bringing the Group to its Euronext listing and increased costs associated with being a listed company.

Research & development expenses

Our clinical activities came towards a conclusion in early 2017 and research and development activities since then have been focused on preparing the NDA and progressing towards its approval. R&D costs in H1 were £1,050k (H1 2017: £560k).

Operating profit

The operating loss for the period was £4,590k (H1 2017: £1,280k).

Financial expense/income

Net financial expense was £1,296k (H1 2017: 1,666k). The financial expense relates primarily to the dividends accruing on certain equity instruments, the financial expense on the term loan with Silicon Valley Bank and Hercules Capital and the interest on convertible loan notes. The equity instruments were converted into Ordinary Shares on 6 March 2018 resulting in a lower charge in H1 2018 than in 2017. The term loan with Silicon Valley Bank was repaid in June 2018. The convertible loan notes were not issued until late 2017 and were converted to Ordinary Shares on 6 March 2018.

A new term loan facility of up to \$30 million was agreed 29 June 2018 with Hercules Capital and \$10 million drawn down.

Taxation

The Group has claimed UK R&D tax credits in respect of prior years. The claim for 2017 was agreed at £329k and paid to the Company in July. Given the uncertainty surrounding the timing of using tax losses, no deferred tax asset has been recognised.

Loss per share

Basic LPS was 16.1p (H1 2017: 102.5p), reflecting higher post-tax losses of £5,670k (H1 2017: £2,731k) and a significant increase of 32.5 million in the weighted average number of Ordinary Shares (H1:2018 35.2 million average, H1 2017: 2.7 million) following the conversion of the various preferred shares, convertible loan notes and the new shares issued at Admission.

Current assets

Current assets increased to £36,371k (31 December 2017: £3,573k, 30 June 2017: £3,573k), driven by the increase in cash and cash equivalents resulting from the proceeds of the Global Offer in March 2018 and the debt transactions.

Non-current liabilities

Non-current liabilities increased to £6,699k (30 June 2017: £Nil) due to drawing down the Hercules Capital debt facility.

Current liabilities

Current liabilities decreased to £1,259k (31 December 2017: £21,256k, 30 June 2017: £18,432k), dominated by the impact of settling the accrued finance charges for dividends on the equity instruments through the issue of Ordinary Shares.

Cash flow

Cash outflow from operating activities increased by £3,046k to £4,590k (H1 2017: £1,544k) reflecting the increased levels of operating costs. Cash and cash equivalents were £35,714k at 30 June 2018 (31 December 2017: £3,070k, 30 June 2017: £3,600k).

SUMMARY AND OUTLOOK

The performance of Acacia Pharma in the first half of 2018 has been in line with, and in many areas ahead of, the expectations of the Board and those presented to investors during its IPO in March. The outlook is entirely driven by the timing of the NDA approval for BARHEMSYS but plans are well under way to deliver a successful US launch of the product in H1 2019 should the approval occur as anticipated. As set out in the IPO prospectus, additional debt or equity funding will be required in order to finance the initial stages of commercialising BARHEMSYS post-launch.

Change of reporting currency to USD

Starting with the 2019 financial year, Acacia Pharma will change its reporting currency to USD. This change is reflective of the position that from that point the majority of the Group's expected revenues and a significant proportion of its operating costs will be denominated in USD. This change to report financial information in USD will take effect from 1 January 2019. Acacia Pharma will continue to report its current financial year ending 31 December 2018 in GBP.

Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2018 Unaudited £'000	Six months ended 30 June 2017 Unaudited £'000
Continuing operations:			
Research & development expenses		(1,050)	(560)
Sales & marketing expenses		(972)	(235)
General & administrative expenses		(2,568)	(485)
		-----	-----
Operating loss		(4,590)	(1,280)
Finance income	3	44	-
Finance expense	4	(1,338)	(1,666)
		-----	-----
Loss before income tax		(5,884)	(2,946)
Taxation credit	5	214	215
		-----	-----
Loss and total comprehensive loss for the period		(5,670)	(2,731)
		-----	-----
Basic and diluted losses per Ordinary Share	6	<u>(16.1)p</u>	<u>(102.5)p</u>

Consolidated Statement of Financial Position

	Note	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000
Assets				
Current Assets				
Other receivables		95	197	154
Current income tax assets		563	215	349
Cash and cash equivalents	7	35,714	3,600	3,070
		-----	-----	-----
Total Current Assets		36,371	4,012	3,573
		-----	-----	-----
Total Assets		36,371	4,012	3,573
		-----	-----	-----
Equity and Liabilities				
Equity attributable to equity holders				
Share capital	8	1,063	701	701
Share premium		54,783	4,513	4,513
Profit and loss account		39,198	49,294	45,886
Share-based payments reserve		506	208	253
Merger reserve		(69,136)	(69,136)	(69,136)
		-----	-----	-----
Total Equity		26,414	(14,420)	(17,783)
		-----	-----	-----
Liabilities				
Non-current liabilities				
Term loans, amounts payable after one year	10	6,699	-	-
		-----	-----	-----
		6,699	-	-
		-----	-----	-----
Current liabilities				
Trade and other payables		868	1,735	1,000
Liability component of convertible shares	9	-	10,117	11,140
Term loans, amounts payable within one year	10	391	6,580	5,185
Convertible loan notes	10	-	-	4,031
		-----	-----	-----
		1,259	18,432	21,356
		-----	-----	-----
Total Liabilities		7,958	18,432	21,356
		-----	-----	-----
Total Equity and Liabilities		36,371	4,012	3,573
		-----	-----	-----

Consolidated Cash Flow Statement

		Six months ended 30 June 2018 Unaudited £'000	Six months ended 30 June 2017 Unaudited £'000
Cash flows from operating activities:			
Cash used in operations		(4,529)	(4,377)
Income tax credit received		-	2,793
		-----	-----
Net cash used in operating activities		(4,529)	(1,544)
		-----	-----
Cash flows from investing activities:			
Interest received	3	45	0
		-----	-----
Net cash generated from investing activities		45	0
		-----	-----
Cash flows from financing activities:			
Proceeds of issuance of Ordinary Shares	8	35,572	-
Issue costs of Ordinary Shares		(1,652)	-
Amounts borrowed under term loan	10	7,571	-
Payment of transaction costs on term loan		(488)	-
Amounts repaid under term loan		(4,500)	(1,500)
Interest and fees paid on loan		(868)	(206)
		-----	-----
Net cash flows from financing activities		35,860	(1,706)
		-----	-----
Effect of exchange rate movements on cash held		1,268	-
		-----	-----
Net increase/(decrease) in cash and cash equivalents		32,644	(3,250)
Cash and cash equivalents at beginning of the period		3,070	6,850
		-----	-----
Cash and cash equivalents at end of the period	11	35,714	3,600
		-----	-----

Notes to the Financial Statements

Basis of preparation

General information

Acacia Pharma Group plc is a public limited company incorporated and domiciled in England and Wales with registered number 09759376. The Company's registered office is The Officers' Mess, Royston Road, Duxford, Cambridge, CB22 4QH.

The principal activity of the Company and its subsidiaries (together "the Group") is that of a pharmaceutical group which develops and commercialises lower risk pharmaceutical product opportunities within its therapeutic areas of interest.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not contain all of the information which International Financial Reporting Standards ("IFRS") would require for a complete set of annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017.

These condensed unaudited consolidated interim financial statements were approved by the Board of Directors on 6 September 2018.

Comparative financial information

The comparative figures for the financial year ended 31 December 2017 do not constitute the Group's statutory accounts for that financial year. Statutory accounts for the year ended 31 December 2017, prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and as issued by the International Accounting Standards Board, have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2017.

IFRS 15 'Revenue from contracts with customers', was issued by the IASB in May 2014 and has been implemented by the Group from 1 January 2018. The Standard contains a new set of principles on when and how to recognise and measure revenue as well as new requirements related to disclosures. The impact of adoption is immaterial.

IFRS 9 'Financial instruments' was issued by the IASB in July 2014, and has been implemented by the Group from 1 January 2018. The impact of adoption is immaterial.

IFRS 16 'Leases' was issued by the IASB in January 2016, and will be implemented by the Group from 1 January 2019.

IFRIC 23 'Uncertainty over income tax treatments' was issued by the IASB in July 2017 and will be implemented by the Group from 1 January 2019.

The Directors do not anticipate that the adoption of the Standards, Amendments and Interpretations where relevant, in future years will have a material impact on the Group's Financial Statements.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group and Company will be able to meet their liabilities as they fall due for the foreseeable future.

The directors believe that, based on existing cash and debt facilities and on their current forecasts and plans for raising additional debt or equity financing, the Group and Company will have sufficient funds to meet their cash requirements for at least the next 12 months. However, there is no guarantee that attempts to raise additional financing will be successful.

Whilst there is a material uncertainty in relation to the outcome of the matters described above which, if not resolved, may give rise to significant doubts to the going concern basis, the directors have fully

considered the relevant issues and are confident that it is appropriate to prepare these financial statements on the going concern basis under the historical cost convention and the accounting policies set out below and in accordance with Companies Act 2006 and applicable International Financial Reporting Standards as adopted by the EU. These financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

2. Segmental reporting

The Group has adopted IFRS 8, "Operating Segments". IFRS 8 defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Chief Operating Decision Maker to assess performance and determine the allocation of resources. The Chief Operating Decision Maker has been identified as the Board of Directors.

The Directors are of the opinion that under IFRS 8 the Group has only one operating segment, being the development and commercialisation of intellectual property through direct sale of the protected products in the US and long-term licensing income elsewhere. The Board of Directors assess the performance of the operating segment using financial information which is measured and presented in a manner consistent with that in the financial information. The Group has no reportable operating segments separate from the Income Statement presented in this Financial Information.

3. Finance income

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	£'000	£'000
Deposit account interest	45	-
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4. Finance expense

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	£'000	£'000
Finance charge on the B preferred shares	146	637
Finance charge on the C preferred shares	63	326
Finance charges on term loan	193	606
Finance charge on convertible loan	1,152	-
Realised exchange differences	(216)	97
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	1,338	1,666
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5. Taxation

Analysis of taxation credit in the year

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	£'000	£'000
United Kingdom corporation tax	239	215
Adjustment relating to prior period	(26)	-
	-----	-----
	214	215

Analysis of taxation credit in the year

Six months ended 30 June	
2018	2017
Unaudited	Unaudited
£'000	£'000
-----	-----

The Group is entitled to claim tax credits in the United Kingdom for certain research and development expenditure. The amount included in the financial information represents the credit receivable by the Group for the period.

There is no current tax charge in the period as the Group has losses brought forward and is entitled to a cash tax credit in the United Kingdom for certain research and development expenditure. The unrecognised deferred tax assets relating to operating losses have not been recognised due to the uncertainty over the utilisation of the losses.

6. Losses per share

Basic and diluted losses per share is calculated by dividing the loss for the financial year/period by the weighted average number of Ordinary Shares in issue during the year. The losses and weighted average number of shares used in the calculations are set out below:

Six months ended 30 June	
2018	2017
Unaudited	Unaudited
£'000	£'000
Losses per Ordinary Share	
Loss for the financial period (£000)	(5,670) (2,731)
Weighted average number of Ordinary Shares (basic) (thousands)	35,152 2,665
Losses per Ordinary Share basic (pence)	16.1 102.5

Share option and convertible instruments are anti-dilutive in each period for the purposes of the losses per share calculation and their effect is therefore not considered.

For the avoidance of doubt, this calculation is based on Ordinary Shares only. Other classes of shares, along with preference shares have been excluded in this calculation.

7. Cash and cash equivalents

The Group retains all cash on instant access accounts in Sterling, Euros and US dollars.

	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017
	£'000	£'000	£'000
Sterling accounts	862	2,995	4,922
Euro accounts	367	34	520
Dollar accounts	34,485	571	20
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	35,714	3,600	5,462
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8. Share capital

On 6 March 2018 the Company completed a Global Offer and was admitted to trading on Euronext Brussels. Immediately before the completion of the Global Offer, all of the existing S ordinary, A ordinary, B preferred, C preferred and D preferred shares were converted into Ordinary Shares on a one-for-one basis. In addition, Ordinary Shares were issued upon the conversion of the Convertible Loan Notes and

in settlement of the accrued finance charges on the A, B, C and D shares and the loan notes. The P shares were converted into 270 Ordinary shares.

Prior to their conversion into Ordinary Shares, A ordinary shares, B preferred shares, and C preferred shares were compound financial instruments. The equity element of these compound financial instruments was included in other reserves and the liability elements were as in note 9 below. The liability component of the P shares is immaterial and therefore the P shares were classified as equity in their entirety.

Upon the completion of the Global Offer, 11,111,111 Ordinary Shares were issued for cash at €3.60 per share, raising gross proceeds of €40 million or £35,714k. Costs directly associated with the issue of shares of £1,652k were incurred. On 29 June 200,000 shares were issued upon the exercise of share options, resulting in proceeds of £38k.

	Number	£'000
Issued shares as at 1 January 2018 and 2017		
Ordinary shares of £0.02 each	2,664,662	53
S Ordinary shares of £0.02 each	3,910,732	78
P shares of £0.0001 each	8,611,065	1
D preferred shares of £0.02 each	1,125,000	23
	-----	-----
Total equity shares	16,311,459	155
	-----	-----
A ordinary shares of £0.02 each	9,692,856	194
B preferred shares of £0.02 each	15,078,061	302
C preferred shares of £0.02 each	2,531,250	50
	-----	-----
Total non-equity shares	27,302,167	546
	-----	-----
Total equity and non-equity shares at 1 January 2017, 30 June 2017 and 1 January 2018	43,613,626	701
	-----	-----
Ordinary shares at 1 January 2018	2,664,662	53
Issue of Ordinary Shares in settlement of liabilities and anti-dilution and preference rights on A, B, C & D shares	5,171,495	103
Conversion of S, A, B, C & D shares to Ordinary shares	32,337,899	647
Issue of Ordinary Shares to holders of P shares on consolidation and conversion	270	-
Issue of Ordinary Shares on conversion of loan notes	1,633,624	33
Issue of Ordinary Shares for cash	11,111,111	222
Issue of Ordinary Shares upon exercise of share options	200,000	5
	-----	-----
Ordinary shares of £0.02 in issue at period end	53,119,061	1,063
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9.Liability component of convertible shares

	As at 30 June 2018 £'000	As at 30 June 2017 £'000	As at 31 December 2017 £'000
Liability element of the A ordinary shares	-	3,590	3,590
Liability element of the B preferred shares	-	4,660	5,335
Liability element of the C preferred shares	-	1,867	2,215
	-----	-----	-----
	-	10,117	11,140
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The liability element of the A ordinary shares and B and C preferred shares includes the accrued interest as below.

	As at 30 June 2018 £'000	As at 30 June 2017 £'000	As at 31 December 2017 £'000
Accrued interest on the A ordinary shares	-	3,590	3,590
Accrued interest on the B preferred shares	-	4,420	5,335
Accrued interest on the C preferred shares	-	1,638	2,215
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10. Term Loans and Convertible Loan Notes

	As at 30 June 2018 £'000	As at 30 June 2017 £'000	As at 31 December 2017 £'000
Term bank loan, amounts repayable within 12 months	391	6,580	5,185
Convertible loan notes	-	-	4,031
	-----	-----	-----
	391		9,216
Term bank loan, amounts repayable after 12 months	6,699	-	-
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	7,090	6,580	9,216
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The term bank loan with Silicon Valley Bank was repaid in full on 27 June 2018.

A new term loan facility with Hercules Capital was drawn on 29 June 2018. The initial tranche drawn was \$10 million (£7,571k) and costs of \$645k (£488k) were incurred. The loan bears interest at 9.5%, bears a final payment charge of 3.95% of the principal and is interest only until January 2020. Thereafter the principal and interest on the loan will be repayable in 25 equal instalments. Warrants over 201,330 Ordinary Shares, exercisable at €3.22 per share, were issued to Hercules Capital as part of the terms of the loan facility.

11. Related parties

The Group's Chief Medical Officer, Gabriel Fox's spouse is a director of Comedica Ltd, which during the six months to 30 June 2018 provided consulting services to the Group. The cost of these services was £15,000 (H1 2017: £26,000). £1,000 was outstanding at the period end (H1 2017: £1,000).

12. Principal risks and uncertainties

We have considered the principal risks and uncertainties faced by the Group for the remaining six months of the year and do not consider them to have changed from those set out on pages 35 and 35 of the Acacia Pharma Group plc 2017 Annual Report and Accounts, available from the Group's website at www.acaciapharma.com.

Responsibility statement of the directors in respect of the interim financial report

The directors confirm that this set of interim condensed financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and that the interim management report includes a fair review of the information required by DRT 4.2.7R and DRT 4.2.8R, namely:

- An indication of important events that have occurred during the period and their impact on the condensed statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- Related party transactions that have taken place in the first six months of the current fiscal year and that have materially affected the financial position or performance of the entity during the period; and any changes in related party transactions described in the last annual report that could do so.

The directors of Acacia Pharma Group plc are:

Patrick Vink

Julian Gilbert

Christine Soden

Johan Kördel

Pieter van der Meer

Scott Byrd

Edward Borkowski (appointed 6 March 2018)

John Brown (appointed 6 March 2018)

Martin Edwards (retired 6 March 2018)

Alex Pasteur (retired 6 March 2018)

Their respective responsibilities can be found on the company website, www.acaciapharma.com.

By order of the Board

Dr Julian Gilbert

Christine Soden

Chief Executive Officer

Chief Financial Officer

7 September 2018

Shareholder information

Financial calendar

Announcement of annual results for year ending 31 December 2019

Feb 2019

Shareholder change of address

The Company offers the facility, in conjunction with Equiniti, our Registrars, to conduct a number of routine matters via the web including the ability to notify any change of address. If you are a shareholder and are either unable or would prefer not to use this facility, please do not send the notification to the Company's registered office. Please write direct to Equiniti, at their address shown below, where the register is held.

Relating to beneficial owners of shares with 'information rights'

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Equiniti, or to the Company directly.

Addresses for correspondence

Registered office and head office

Acacia Pharma Group plc, The Officers' Mess, Royston Road, Cambridge CB22 4QH

Tel: +44 (0)1223 919760 Email: info@acaciapharma.com

Website: www.acaciapharma.com: Registered number 09759376

Registrars

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 8LU

Cautionary statement regarding forward-looking statements

This document contains certain projections and other forward-looking statements with respect to the financial condition, results of operations, businesses and prospects of Acacia Pharma Group plc ("Acacia Pharma"). These statements are based on current expectations and involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Any of the assumptions underlying these forward-looking statements could prove inaccurate or incorrect and therefore any results contemplated in the forward-looking statements may not actually be achieved. Nothing contained in this document should be construed as a profit forecast or profit estimate. Investors or other recipients are cautioned not to place undue reliance on any forward-looking statements contained herein. Acacia Pharma undertakes no obligation to update or revise (publicly or otherwise) any forward-looking statement, whether as a result of new information, future events or other circumstances.

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