

8 June 2021

**ANANDA DEVELOPMENTS PLC**  
("Ananda" or the "Company")

**Proposed move to 100% ownership of DJT Plants Limited**

The Directors of Ananda announce that non-binding Heads of Terms have been agreed for the proposed acquisition by Ananda of the 50% shareholding in DJT Plants Limited ("DJT Plants") not currently owned by Ananda (the "Acquisition").

Ananda intends to become a significant participant in the medicinal cannabis sector as a UK-based grower of consistent, high quality medicinal cannabis for domestic and international markets. The Directors believe that the Acquisition represents a major step towards fulfilling this objective.

**HIGHLIGHTS**

- On 17 May 2021, DJT Plants was granted a licence to grow >0.2% THC cannabis for research purposes by the UK Government Home Office (the "Licence")
- DJT Plants is a wholly owned subsidiary of DJT Group Limited ("DJT Group"), which is owned 50/50 by Ananda's wholly owned subsidiary, Tiamat Agriculture Limited, and Anglia Salads Limited ("Anglia Salads")
- Consideration for the Acquisition amounts to £7.3 million and will be satisfied by the issue of 790,538,866 ordinary shares of 0.2p each in Ananda ("Ordinary Shares") to Anglia Salads (the "Vendor")
- The consideration values each partner's shareholding in the licence equally. It reflects the Directors' belief that the Licence represents the majority of Ananda's current market value and that DJT Plants has the potential to generate significant value and future revenues for the Company
- On completion of the Acquisition, it is proposed that Stuart Piccaver and Simon Goddard, directors of both Anglia Salads and its parent company, JEPCO Limited ("JEPCO"), will join the Board of Ananda as Joint Chief Executive Officer and Chief Financial Officer, respectively

**Reason for the Acquisition**

The Directors and the Vendor believe that the Acquisition will be mutually beneficial. In particular, they believe that the Acquisition has the potential to deliver the following important advantages:

- captures 100% of the potential commercial growing revenues in Ananda
- ensures that knowhow and developed Intellectual Property is owned by Ananda
- consolidates ownership, management and operation of the Licence and the business in a single entity
- enables working capital requirements to be managed at the DJT Plants' level
- secures the services of two senior executives with 4 years' direct experience growing medicinal cannabis in the UK, as well as 30 years of specialist horticultural experience and significant success in horticultural innovation

- secures the growing and agronomic operations services of JEPSCO (the 51% owner of Anglia Salads) on a cost-plus basis, meaning Ananda has the ability to execute its strategy on a 'turn-key' basis, rather than having to employ, train, manage and retain its own workforce
- gives Ananda immediate access to formal quality systems and procedures which are vital for the cultivation of consistent and high-quality medicinal cannabis

Ananda CEO, Melissa Sturgess, commented:

"Our job now is to stabilise 65 strains of cannabis, conduct research field trials and ready ourselves for the proposed transition to commercial medicinal cannabis growing, subject to further licensing from the Home Office. Stuart has built his agricultural business into the success it is today, as the second largest grower of specialist salad leaves in the UK. He was also responsible for his company's success growing medicinal cannabis for GW Pharmaceuticals. I look forward to working with him to achieve our objective of being a grower of consistent and high-quality medicinal cannabis for domestic and international markets."

Incoming Joint-CEO, Stuart Piccaver, commented:

"Following on from the success of obtaining the Home Office licence, it's now time to turn our vision and plans into reality. I have led 4 significant end to end horticultural developments for blue chip companies in the last 8 years. The basis of these has been to provide solutions to supply chain issues and, as Melissa has commented, one of these was in cannabis. This has given us extensive knowledge on protected growing structures, growing mediums, crop/climate manipulation and the pure practicalities of commercialising various crops. I look forward to joining Melissa and the Ananda team to draw on that experience to ensure our success."

## **Background**

On 18 May 2021, Ananda announced its 50% owned subsidiary, DJT Plants, had been granted a licence to grow >0.2% THC cannabis for research purposes by the UK Government Home Office. The Licence allows DJT Plants to develop a broad range of cannabis genotypes ("strains") through a genetic stabilisation and field trials programme, with the goal of growing these genotypes in the UK.

DJT Plants intends to produce a line of 65 stable strains through back crossing six generations from a varied portfolio of 13 seeds that exhibit a range of THC/CBD and other cannabinoid, terpene and flavonoid profiles. The focus will be on strains with metabolic profiles relevant to various health indications which have shown to be receptive to treatment with medical cannabis and for which NICE (the National Institute for Clinical Excellence) has called for further research. They will also be filtered for agronomical traits such as yield and resistance to pathogens, moulds, etc.

The intent is to give DJT Plants a number of its own stable cannabis strains, suitable for growing in UK conditions, with metabolic profiles which have been identified as useful for treating certain medical conditions.

## **Information on the proposed Directors**

On completion of the Acquisition, it is proposed that Stuart Piccaver and Simon Goddard, two highly experienced horticultural, and specifically cannabis cultivation, executives, will join the Board of Ananda.

Stuart Piccaver holds a BSc (Hons) and is a third-generation farmer and CEO of JEPSCO and a director of Anglia Salads. With a background and interest in marketing and innovation, he has been the driving force for many of the leading agricultural initiatives and successes of JEPSCO and its associated companies.

From a standing start in July 2014, he led the team that proved a concept to grow natural season cannabinoids in the UK, lowering the cost of production by 78%. The project grew 5 hectares under cover to fully assess and master the dynamics of UK production. The project proved its feasibility and created a growing blueprint for a highly scalable production technique.

Simon Goddard is a qualified accountant and has been CFO of JEPCO and Anglia Salads for 19 years. He is responsible for all the strategic, financial and operational aspects of the companies and is also responsible for the Group's CSR and technical quality standards.

During the initial build-out phase of the Company's cannabis growing facility, salaries due to Stuart Piccaver and Simon Goddard will be accrued.

### **Terms of the Acquisition**

Pursuant to the proposed terms of the Acquisition, Ananda will acquire the 50 ordinary shares of £1.00 each in DJT Group which it does not currently own, for consideration of £7.3 million, which will be satisfied by the issue of 790,538,866 Ordinary Shares (the "Consideration Shares"), at a deemed price of 0.925p per share (the closing price of Ordinary Shares on 7 June 2021).

The transaction is conditional, amongst other things, on:

- The signing of a legally binding sale and purchase agreement to implement the Acquisition (which will include customary restrictive covenant and non-compete provisions)
- Approval of the Acquisition by Ananda's shareholders at a general meeting; and
- The receipt of tax advice with respect to certain structural aspects of the transaction

If the Acquisition proceeds to completion on the terms outlined above and no additional Ordinary Shares are issued by the Company in the intervening period, the Vendor will be interested in 790,538,866 Consideration Shares, representing approximately 50% of the Company's enlarged issued share capital.

Under Rule 9 of the City Code on Takeovers and Mergers (the "Code"), and based on the interest of the Vendor outlined above and on the current issued share capital of Ananda, the allotment of the Consideration Shares will be subject to the Takeover Panel granting the Vendor a waiver of the obligations which would otherwise oblige it to make a general offer to shareholders under Rule 9 of the Code ("Rule 9 Waiver" "Whitewash"); any such Rule 9 Waiver would be subject to the approval of independent shareholders in Ananda at a General Meeting.

There can be no guarantee that such shareholder approval will be obtained or that the Takeover Panel will grant the Rule 9 Waiver required to effect the Acquisition.

DJT Group owns a 100% interest in DJT Plants, which holds the Licence, and 100% of Aristaeus Elements Ltd, a company with certain knowhow about cannabis extraction.

### **Additional Information**

As announced on 18 May 2021, the £300,000 raised by the Company in February 2021 has been allocated to DJT Plants to commence the build out of its research facility at the Licence location. An update on progress will be released in due course.

Ananda continues to hold 2% of the equity in cannabis conference platform and start up adviser iCAN-Israel Limited, and 15% of novel medicinal cannabis vaping technology company Liberty Herbal Technologies Limited. An update on these investments will be released in due course.

### **General Meeting**

A circular containing further information and convening a General Meeting to approve the Acquisition will be sent to Ananda shareholders as soon as possible. A further announcement will be made at that time.

-Ends-

The Directors of the Company accept responsibility for the contents of this announcement.

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**Market Abuse Regulation (MAR) Disclosure**

The information contained within this announcement is deemed by the Company to constitute inside information. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.