

7 January 2022

## ANANDA DEVELOPMENTS PLC

("Ananda" or the "Company")

### Shareholder Update

Ananda's ambition is to be a leading UK grower and provider of consistent, high quality, carbon neutral medical cannabis for the UK and international markets.

The Directors of Ananda provide the following update to shareholders, which comprises Ananda's responses to questions recently received from shareholders and other interested parties.

Melissa Sturgess, Ananda's Chief Executive Officer, commented "We welcome these questions from shareholders and other interested parties. We believe that the medical cannabis industry is not particularly well understood at the moment, and we appreciate the time taken to frame these questions and send them to the Company".

***Q1: 40 Hectares of Land were identified by JE Piccaver & Co (Gedney Marsh) Limited ("JEPCO") for commercial growing. Is this already owned and is it the intention to use the whole area for the first growing season?***

A: JEPCO\* originally delineated a 40Ha area for the use of DJT Plants Limited ("DJT Plants"). To comply with the Home Office's desire for remote and secure locations to grow medical cannabis, a superior location was identified by JEPCO prior to DJT Plants submitting its application to the Home Office in October 2019. The location and significant acreage around it is leased by JEPCO. A sublease agreement between DJT Plants and JEPCO forms part of the acquisition package of the 50% of DJT Plants that is not already owned by Ananda. The initial area DJT Plants will be subletting covers 10Ha of land which also includes some infrastructure in the form of large storage sheds. The research facility is being built inside the storage sheds. Also included within the sublease agreement is the option to sublet more land from JEPCO as demand for product grows (subject to commercial licencing from the Home Office). The earmarked land is currently being utilised for crops, including potatoes and wheat and will be made available to DJT Plants when it is required. There is no reason for DJT Plants to tie up further land now for which it would have to pay rent. It is conceivable that the total area for cannabis growing could be bigger than 40ha but that will depend on success and demand.

In summary, Ananda is able to tailor the size of its growing area to the demand for product. To provide context, currently the UK market has around 10,000 patients who consume approximately 1 gram per day of cannabis. A reasonable assumption for yield would be 300-400g per square metre (3 – 4 million grams per hectare).

In line with other markets for medical cannabis, such as Israel and Germany, the Directors expect that the growth of the UK market will accelerate over the coming years. Ananda's intention is to build capacity in line with market demand. Ananda believes that the best result for patients is to deliver high quality, consistent medical cannabis products and the best result for shareholders is to focus on building a profitable business for the long term rather than building large production capacity in the first year.

Note:

\* DJT Plants is the holder of the Home Office licence to grow >0.2% THC cannabis for research purposes. DJT Plants is 100% owned by DJT Group Limited, which in turn is 50% owned by Ananda and 50% owned by Anglia Salads Limited. Anglia Salads Limited is owned as to 68% by JEPCO and Stuart Piccaver, JEPCO's principal shareholder. Shareholders of Ananda will shortly be asked to approve the acquisition of the 50% of DJT Group Limited that Ananda does not own. Anglia Salads Limited will become a significant shareholder of Ananda.

**Q2: What stage is Ananda at with identifying potential customers and establishing relationships with them?**

A: Ananda's initial focus is the UK and we have commenced engagement with patient groups, prescribing groups and associated health care workers. The Company has also commenced an initiative with the launch of the Medical Cannabis Research Roundup newsletters which comprise a regular summary of new scientific research in the medical cannabis space. These summaries are collated into a regular newsletter which the Company sends to interested parties. The Medical Cannabis Clinicians Society is to use Ananda's updates to enhance its clinicians' information database and will acknowledge Ananda's contribution. If you would like to receive copies of the newsletters, please go to the Company's website at [www.anandadevelopments.com](http://www.anandadevelopments.com) and sign up for the Medical Cannabis Research Roundup.

**Q3: Is Ananda going down the same path as GW Pharmaceuticals Plc ("GW") and becoming a pharmaceutical company?**

A: No, Ananda is not a pharmaceutical company. The key difference between Ananda and GW is that GW formulates licensed medicines and Ananda is focused on unlicensed medicines, at least in the initial stages. Medical cannabis flower and oil (apart from the two GW products) currently prescribed in the UK are unlicensed. These unlicensed medicines are prescribed to patients by specialist clinicians.

**Q4: When does Ananda anticipate starting and finishing the test growing phase?**

A: The genetic stabilisation and field trial program, is expected to take around 18 months, provided there are no delays. It will commence when the research facility construction is complete. There are two parts to the first phase. The first is to create stable genetics by 'self-crossing' for a number of generations (pollinating with a plant of the same genetics). Genetic stability is most easily explained by thinking about the similarity of the plants you grow when you buy a bag of tomato seeds. It is currently difficult to obtain truly stable cannabis genetics without creating them yourself, and it is the Directors' view that this is one of the causes of inconsistency of much medical cannabis flower. Inconsistent flower gives patients a different therapeutic experience from batch to batch, which is not ideal for the patient and does not generate confidence in the medicine for prescribing clinicians. The second part of the first phase is to take the best stable plants and grow them in the multi-chappelle greenhouses we have constructed at our research facility. This is crucial, as all genetics respond differently in different conditions and some or many might not grow at all well. We will take stable plants with the most 'useful' properties (combination of THC, CBD etc) and then find out which of those respond best to our growing conditions.

The Directors believe this will provide the best platform for the start of commercial growing (subject to licence) and enable the creation of a library of strains which will be proprietary to DJT Plants.

**Q5: When will Ananda start its first production growing and first harvest?**

A: It is not possible for the Directors to provide a time for this, because it depends on many factors, including Ananda's ability to secure a number of licences and approvals, including a commercial growing licence from the Home Office, a manufacturing licence from the MHRA (including GMP certification of our manufacturing facility) and a few other minor licenses. Ananda is obviously focused on becoming a profitable company as quickly as possible and commercial growing is key to this.

**Q6: What does Ananda intend to do to educate the medical profession regarding medical cannabis?**

A: We have commenced the Medical Cannabis Research Roundup initiative as described above. In addition to our work, there are specialised groups focused on education, such as the Medical Cannabis Clinicians Society ([www.ukmccs.org](http://www.ukmccs.org)). That Society is currently training specialists in medical cannabis and providing education to other health care groups. Stuart Piccaver, Chief Executive

Officer of JEPCO, and Melissa Sturgess presented to over 100 members of the Medical Cannabis Clinicians Society on 8 September 2021

Claims as to efficacy and healing properties cannot be made about unlicensed medicines. This is the case for all manufacturers of medical cannabis and all unlicensed medicines in the UK. We can only provide specialists with factual information, known as 'detailing'. If the Company is able to commence commercial production, we intend to provide, amongst other things, certificates showing the CBD, THC, terpene etc content of the flower being prescribed and to show the full supply chain, so that prescribers can get comfort about UK quality and provenance.

***Q7: There are reports that vegetable growers are struggling to obtain and retain resources for vegetable production. Is the growing of cannabis plant resource intensive, and does the Company envisage any issues in attracting the right resources to be able to grow the target volume of plants?***

A: One of the reasons Ananda partnered with JEPCO is that they deal with human resourcing every year for their salad leaf business. To provide perspective, they have around 70 full time employees and we are able to draw on skills from that pool, on an as needs basis, as per the Service Agreement between DJT Plants and JEPCO. Stuart Piccaver has been dealing with the requirements for seasonal labour for many years and has developed a focus on automation where possible, in order to reduce labour requirements and human handling of high care plant material. One of the reasons for a managed expansion of the cannabis growing business, rather than immediate large scale, is to ensure we are able to manage labour requirements effectively and securely. All labour will have to be trained in cannabis growing, harvesting etc. We must also consider issues such as site security and numbers of people moving around high care areas.

***Q8: How far down the supply chain is Ananda looking to serve or is the target to be a vertically integrated company?***

We are focused on the UK initially, and this requires us to grow medical cannabis to GACP (Good Agricultural Collection Practices), manufacture it under MHRA certified GMP (Good Manufacturing Processes) and distribute under GDP (Good Distribution Practices). Initially, we propose producing flower-based products and will add extract products as the business grows. We do not want to take on aspects of the supply chain that we feel are not part of our remit (for example it is unlikely we will buy a specials pharmacy (pharmacy that handles unlicensed medicines)). We want to remain focused on growing and providing high quality medical cannabis to UK patients and build the business from that base.

-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.

### **About Ananda Developments**

Ananda is an AQSE-listed medical cannabis company creating UK-based operations to grow and provide carbon neutral, consistent, medical cannabis for the UK and international markets.

The UK medical cannabis market is predicted to be worth £450m by 2025 and the European market is predicted to be worth USD4.2bn by 2027.

For more information, please visit: <https://anandadevelopments.com/>