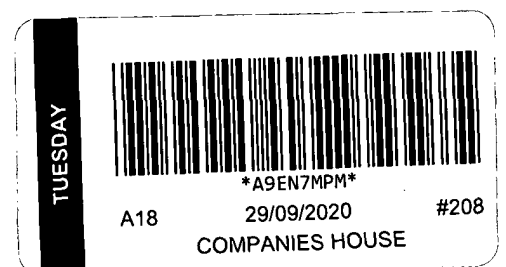


ANANDA DEVELOPMENTS PLC
Annual Report & Financial Statements
Year Ended 31 January 2020

Company registration number: 11159584



Ananda Developments Plc
Annual Report & Financial Statements
Year Ended 31 January 2020

Contents

| | Page |
|--|-------------|
| Company Information | 3 |
| Strategic Report | 4-16 |
| Directors' Report | 17-18 |
| Independent Auditor's Report to the members of Ananda Developments Plc | 19-22 |
| Statement of Comprehensive Income | 23 |
| Statement of Financial Position | 24 |
| Statement of Changes in Equity | 25 |
| Statement of Cash Flows | 26 |
| Notes to the Financial Statements | 27 - 36 |

Ananda Developments Plc

Company Information

Year Ended 31 January 2020

| | |
|------------------------------------|---|
| Company registration number | 11159584 |
| Directors | Charles Morgan Melissa Sturgess John Treacy Inbar Pomeranchik Peter Redmond |
| Secretary | SGH Company Secretaries Limited |
| Registered office | 6th Floor 60 Gracechurch Street London EC3V 0HR |
| Independent auditor | PKF Littlejohn LLP Statutory auditor 15 Westferry Circus London E14 4HD |
| Solicitor | Memery Crystal LLP 165 Fleet Street London EC4A 2DY |
| Bankers | HSBC Bank UK Plc 69 Pall Mall London SW1Y 5EU |

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

The directors present their strategic report with the audited financial statements of Ananda Developments Plc (the "Company") for the year ended 31 January 2020.

Business Review, Development and Performance

The Company was admitted to trading on the NEX Exchange Growth Market on 4 July 2018 as an investment vehicle to invest in the developing market for medicinal or therapeutic cannabis. Initially, the Company's strategy was focused specifically on companies, projects or products in Israel, Canada and the Netherlands, although this strategy was broadened in September 2018 to permit investment in any jurisdiction which has well established laws in relation to medicinal cannabis.

Since the Company was listed in 2018, the Directors have pursued their primary objective of creating long term value for Shareholders through the acquisition of strategic stakes in companies in the medicinal cannabis and wellness CBD sectors which the Directors believe have potential for substantial growth. The current investments are:

- a shareholding of 0.90% in iCAN Israel-Cannabis Limited, an international cannabis conference platform and cannabis company incubator and advisor. In the year under review, iCAN has expanded its conference platform and increased the number of companies in its incubator group. Since the end of the reporting period, iCAN has transitioned to an online offering to maintain revenue streams during the COVID-19 pandemic. Also since the end of the period, Ananda has converted its convertible debt into additional equity in iCAN.
- 15% interest in Liberty Herbal Technologies Limited ("LHT"), the 100 per cent owner and developer of hapac®, ready to use sachets of pre-ground dried herbs for portable vaporisers. During the period under review, LHT continued to sell its hapac devices and sachets in Italy. It has also commenced a range of discussions regarding potential collaborations to expand the footprint of the company.
- 50% (via 100% owned Tiamat Agriculture and 50% owned DJT Group Limited) interest in DJT Plants Limited, which is applying for a licence to grow medicinal cannabis in Lincolnshire, first for research and ultimately for commercial purposes. During the period under review, the Home Office, which grants the licence, has been in communication and the application is progressing.

The Company is very much in its early stages with its investments not yet generating any revenue. The Company has had no revenue for the year, apart from £9,056 of interest, and incurred a loss of £374,460.

Principal Risks and Uncertainties

The Company's performance and its investments are likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it invests. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect on the Company. Shareholders' attention is drawn to the risk factors set out below or in Part II of the Company's NEX Admission Document dated 21 June 2018 which is available on the Company's website at www.anandadevelopments.com.

The Company's business involves capital expenditure and ongoing running costs and given the current liquidity position of the Company as at the date of this report the Company will require additional funding to meet its planned work programme. There is no guarantee that such additional funding will be available on acceptable terms at the relevant time.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

1. Risks relating to the Company and its Investment Strategy

Expansion risk

The Company pursues a growth strategy, subject to the availability of funding. Such a strategy brings with it certain risks and places additional demand on the Company's management, financial and operational resources. If the Company is unable to manage its growth effectively, its business, operations or financial condition may deteriorate.

Cannabis market acceptance and market development

Whilst the outlook for the regulatory and social acceptance of cannabis-based products – whether for the recreational, wellness or medicinal markets – is positive, there is an ongoing debate in the UK and Europe concerning efficacy and the potential social drawbacks of widespread implementation.

In the UK respected UK medical institutions are cautious, whilst reliance on prescription by designated specialist medical practitioners is slowing adoption because of training and education required.

Implementation of Investment Strategy

The Company's ability to implement the investment strategy is limited by its ability to identify and acquire suitable investments. Suitable opportunities may not always be readily available. The Company's future investments may be delayed or made at a relatively slow rate because, *inter alia*:

- the Company intends to conduct detailed due diligence prior to approving investments;
- the Company may conduct extensive negotiations in order to secure and facilitate an investment;
- it may be necessary to establish certain structures in order to facilitate an investment;
- competition from other investors, market conditions or other factors may mean that the Company cannot identify attractive investments, or such investments may not be available at the rate the Company currently anticipates;
- the Company may be unable to raise bank finance on terms the Directors consider reasonable; and/or
- the Company may need to raise further capital to make investments and/or fund the assets or businesses invested in,

all of which may in turn have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

The Company cannot accurately predict how long it will take to deploy the capital available to it or at all. Precise timing will depend on, amongst other things, the availability of suitable direct investments, due diligence, negotiations with counterparties and investment structuring conditions.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

Competition

The Company may face significant competition in identifying and acquiring suitable investments from other investors, including competitors who may have greater resources. Competition in the investment market may lead to prices for investments, identified by the Company as suitable, being driven up through competing bids of potential purchasers.

Accordingly, the existence and extent of such competition may have a material adverse effect on the Company's ability to acquire investments at satisfactory prices and otherwise on satisfactory terms, thereby reducing the Company's potential profits.

Article 50 Withdrawal

The UK, as a member of the European Union, has triggered Article 50 to commence the UK's withdrawal from the European Union. Therefore, any plans of the Company to invest in the European Union will have to be considered in line with such withdrawal and the consequences of making investments as a result.

Success of the strategy not guaranteed

The Company's level of profit on its investments will be reliant upon the performance of the assets acquired and the market for those assets. The strategy, in both its current form and as amended from time to time, is not guaranteed to succeed. The success of the strategy depends on the Directors' ability to identify investments in accordance with the Company's investment objectives and for those investments to perform positively. No assurance can be given that the strategy to be followed will be successful under all or any market conditions, that the Company will be able to identify opportunities meeting the Company's investment criteria, that the Company will be able to invest its capital on attractive terms or that the Company will be able to generate positive returns for Shareholders. If the strategy is not successfully implemented, this may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Dependence on Management

The Company's ability to provide returns to Shareholders and achieve its investment objective is dependent on the performance of the Directors and its investment advisers in the identification, technical assessment, acquisition, management and disposal of investments in various target companies and projects. Failure by the Directors and its investment advisers in this regard could have a material adverse effect on the Company's business, financial condition and return on investments.

Scarcity of suitably qualified individuals

The Company's ability to execute its Investment Strategy depends on the successful recruitment and retention of talented and appropriately experienced and knowledgeable management. If the Company does not exceed in attracting suitably qualified management or retaining and motivating them once employed, it may be unable to execute its investment strategy.

Potential loss on investments

The Company's strategy carries inherent risks and there can be no guarantee that any appreciation in the value of an investment or acquisition will occur or that the objectives of the Company will be achieved. For example (i) trading difficulties may occur following investment by the Company; or (ii) the Company may not be able to conduct a full investigation of a target prior to investment/ acquisition and adverse matters may only come to light after an investment has been made.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

2. Risks relating to target investment companies and opportunities

Target companies dependent on licences

In the majority of cases it is likely that the Company will target investments companies or projects which are conducting research into the potential of cannabis and its active ingredients, to be developed as pharmaceuticals or related products, including but not limited to nutraceuticals, dietary supplements and cosmetic products.

The target investments, whether they are in the research and development or the production phase will be dependent on the grant of certain licenses in one or more jurisdictions to enable the entities to conduct its business. In particular the success of Tiamat Agriculture Ltd is dependent on being granted a Home Office >0.2% THC Cannabis Growing Licence and in time other licences, such as from the MHRA, will need to be obtained.

Such licenses will be subject to on-going compliance and reporting obligations. Failure to comply or maintain any license would no doubt have a material adverse effect on the target company's business, financial condition and operating results which in turn will materially adversely affect the Company's return on its investment.

In addition, there is no guarantee that relevant regulatory bodies will renew or extend a license or renew or extend on the same terms as the previous one. Again, should the relevant regulatory bodies not extend or renew any license which a target company is reliant on, or should they renew on the license on different terms, the business, financial condition and operating results of the target company would be materially adversely affected, and in turn this will materially adversely affect the Company's return on its investment.

An investment target's reliance on certain facilities

An investment target may hold license(s) which are specific to certain facilities. Adverse changes or developments affecting these facilities, including but not limited to, a breach of security, failure of heating and cooling systems or electrical delivery systems could have a material adverse effect on the business, financial condition and operating results of a target company and therefore a material adverse effect on the Company's return on its investment.

Any breach of security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by relevant regulatory bodies could also have an impact on the target company's ability to continue operating under certain license(s) or the prospect of renewing the same.

Investment target companies' reliance on management and key personnel

Future success of investment target companies will depend on their continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand and target companies may incur significant costs to attract and retain them. In addition, loss of any senior management or key employees could materially adversely affect a target company's ability to execute its business plan and strategy, and it may not be able to find an adequate replacement on a timely basis, or at all.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

Client acquisition and retention

In the case of an investment target company being a company developing pharmaceutical products, its success may depend on its ability to attract and retain patients for research purposes. There are many factors which could impact this, including but not limited to the target company's ability to continually produce desirable and effective product, the successful implementation of a patient-acquisition plan and the continued growth in the aggregate number of patients selecting cannabis based pharmaceuticals as a treatment option, and other companies producing or supplying similar products. An investment target company's failure to acquire and retain patients would have a material adverse effect on the business, financial condition and operating results of an investment target company and therefore a material adverse effect on the Company's return on investment.

Research and development and product obsolescence

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products will characterise an investment target's business. The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render an investment target company's product obsolete, less competitive or less marketable.

The process of product development is complex and requires significant continuing costs, development efforts and third-party commitments. A target company's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of a target company, and therefore have a material adverse effect on the Company's return on investment.

An investment target company may be unable to anticipate changes in its potential customer requirements that could make its existing technology obsolete. An investment target company's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. An investment target company may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its business to evolving customer or medical requirements or preferences or emerging industry standards.

Product liability

Where an investment target company is a manufacturer and distributor or is conducting trials of products designed to be ingested by humans, an investment target company will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve risk of injury to consumers due to tampering by unauthorised third parties or product contamination.

Previously unknown adverse reactions resulting from human consumption of Cannabis derived products along or in combination with other medications or substances could occur. The investment target company may be subject to various product liability claims, including, among others, that products produced by the target company caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against an investment target company could result in increased costs, adversely affect the target company's reputation with its clients and consumers generally, and have a material adverse effect on the business, financial condition and operating results of an investment target company, and therefore a material adverse effect on the Company's return on investment.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

There can be no assurances that an investment target company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or otherwise protect against potential product liability claims could prevent or inhibit the commercialisation of products.

Investments in private companies by the Company are subject to a number of risks

The Company may invest in or acquire privately held companies. These may: (i) be highly leveraged and subject to significant debt service obligations, stringent operational and financial covenants and risks of default under financing and contractual arrangements, which may adversely affect their financial condition; (ii) have limited operating histories and smaller market shares than larger businesses making them more vulnerable to changes in market conditions or the activities of competitors; (iii) have limited financial resources; (iv) be more dependent on a limited number of management and operational personnel, increasing the impact of the loss of any one or more individuals; and (v) require additional capital. All or any of these factors may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Material facts or circumstances not revealed in the due diligence process

Prior to making or proposing any investment, the Company will undertake legal, financial and commercial due diligence on potential investments to a level considered reasonable and appropriate by the Company on a case by case basis. However, these efforts may not reveal all material facts or circumstances that would have a material adverse effect upon the value of the investment. In undertaking due diligence, the Company will need to utilise its own resources and may be required to rely upon third parties to conduct certain aspects of the due diligence process. Further, the Company may not have the ability to review all documents relating to the investee company and assets. Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential investment. Any failure to reveal all material facts or circumstances relating to a potential investment may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Aborted investments

There can be no guarantee that the Company will successfully make an investment where there is an identified opportunity and, as a result, resources may be expended on investigative work and due diligence without the investment being completed.

Difficulties integrating investments

The success of an investment will depend upon the ability of the Directors to integrate the investment in a timely and cost-effective manner. Any difficulties in the integration process may result in increased expense, loss of sales and a decline in profitability. The process of integration may require a disproportionate amount of time and attention of the Company's management, which may distract management's attention from its day-to-day responsibilities. In addition, any interruption or deterioration in service resulting from an investment may result in a customer's decision to stop dealing with the Company or a target. For these reasons the Company may not realise the anticipated benefits of an investment, either at all or in a timely manner. If that happens and the Company incurs significant costs, it could have a material adverse impact on the profits and the business of the Company. Similarly, getting added value for an investment may prove to be difficult and limit returns.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

Joint ventures

The Company or a business in which it invests may enter into joint ventures. There is a risk that a joint venture partner does not meet its obligations and the Company or a business in which it invests may therefore suffer additional costs or other losses. It is also possible that the interests of the Company or a business in which it invests and those of its joint venture partners are not aligned resulting in project delays or additional costs and losses. The Company may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies.

3. Risks relating to investing in foreign territories

The Company's investments made in accordance with its investing strategy will include investments into approved and properly licensed companies lawfully producing and/or conducting research in the cannabis sector in jurisdictions, such as Canada, Israel and the Netherlands, that are internationally recognised as having, well-developed and reputable laws and regulations for the research and production of Cannabis and that comply with the United Nation's conventions on narcotics.

Foreign Markets

The Company will be international in its outlook. The value of our investments is likely therefore to be subject to risks accompanying international business in general, including risks related to political instability and uncertainties in the business and economic environment; governmental regulations, including environmental and safety regulations; difficulties associated with managing local personnel and increases in labour costs; higher tariffs and duties, and stricter trade regulations; unexpected enactments and changes in laws, regulations, policies and taxation, and divergences in the interpretation and application thereof; possible unstable infrastructure leading to disruptions or delays in basic services such as electricity, transportation and communication; fluctuations in foreign currency exchange rates; varying standards and practices in the legal, regulatory and business cultures in which we operate; and acts of terrorism, war, epidemics, boycotts stemming from international political relations and other sources of social disruption. Any one or more of the foregoing factors or others could increase our costs, reduce our income or disrupt the operations of our investments, resulting in a material adverse effect on their value

Foreign markets can be volatile and the material risks, of which, the Company is aware include:

- the Company may invest in a concentrated number of shares and this focus may result in higher risk when compared to a portfolio that has a wider spread of diversified investment risk;
- the economies of some foreign markets may be more dependent on relatively few industries that may be highly vulnerable to local and global changes;
- some countries generally have less developed securities markets or exchanges, and legal and accounting systems;
- securities may be more difficult to sell at an acceptable price and may be more volatile than securities in countries with more mature markets;
- the value of the various currencies in some foreign markets may fluctuate more than the currencies of countries with more mature markets;
- investments in some foreign markets may be subject to greater risks of government restrictions, including confiscatory taxation, expropriation or nationalisation of a company's assets, restrictions on foreign ownership of local companies and restrictions on withdrawing assets from the country;

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

- potentially higher rates of inflation (including hyperinflation);
- a potential risk of substantial deflation;
- potentially less stringent laws and practices in relation to the fiduciary duties of officers and directors and protection of investors;
- potential difficulty in bringing legal proceedings to enforce contractual rights and the risk of the fraudulent appropriation of investments; and
- the possibility of the imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Company, political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of such countries or the value of the Company's investments in those countries.

There can be no assurance that any market for the Company's investment strategy will develop in such foreign jurisdiction. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability and the effects of competition, some of those are mentioned above. These factors may limit the Company's capability to successfully expand its investment strategy and may have a material adverse effect on a target investments, financial condition and return on investments.

Restrictions on foreign investment

Some countries prohibit or impose substantial restrictions on investments by foreign entities such as the Company. As illustrations, certain countries require governmental approval prior to investment by foreign persons or limit the amount of investment by foreign persons in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of the Company. For example, the Company may be required in certain of such countries to invest initially through a local broker or other entity and then have the share purchases re-registered in the name of the Company. Re-registration may in some instances not be able to occur on a timely basis, resulting in a delay during which the Company may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions. There also may be instances where the Company places a purchase order but is subsequently informed, at the time of re-registration, that the permissible allocation to foreign investors has been filled, depriving the Company of the ability to make its desired investment at the time. Substantial limitations may exist in certain countries with respect to the Company's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. The Company could be adversely affected by delays in, or a refusal to grant any required governmental approval for repatriation of capital, as well as by the application to the Company of any restriction on investments.

4. Risks relating to the investment in target companies whose main activities include Cannabis production and research and development thereof

The Company's reputation may be damaged

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include negative publicity, whether true or not. This may arise as a consequence of investing in the production and the research and development of medicinal cannabis, cannabis being a Class B drug within the UK despite the November 2018 legalisation of medicinal cannabis in the UK.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views with regard to the Company and its activities, along with those activities of certain target companies in which the Company invests.

Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations, banking relationships etc. and thereby having a material adverse impact on the financial performance, financial conditions, cash flows and growth prospects of the Company.

The Company and its shareholders may be at risk of committing offences under POCA 2002

Even with the Company taking all precautions to ensure that it and the target companies in which it invests comply fully with all applicable regulations and legislation in relation to Cannabis (both in the UK and in the relevant foreign jurisdiction applicable to a target company), there are no guarantees that the activities of the Company and a target company will always be deemed lawful if there are any changes in the applicable law.

The Company will take all precautions possible to ensure that it does not at any time contravene POCA 2002. Contravention of POCA 2002 carries potential criminal liability

The Company, or the medicinal cannabis industry more generally, may receive unfavourable publicity or become subject to negative consumer perception

The Company believes that the medicinal cannabis industry is highly dependent upon consumer perception regarding the medical benefits, safety, efficacy and quality of the cannabis distributed for medical purposes to such consumers. Consumer perception of a target company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) regarding the consumption of cannabis products for medical purposes, including unexpected safety or efficacy concerns arising with respect to the products of a target company or its competitors.

There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medicinal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for a target company's products and the business, results of operations and financial condition of a target company and therefore materially adversely affect the Company's return on investment.

Furthermore, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis for medical purposes in general, or a target company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Cannabis plant may not be approved for medicinal use in all (or any) jurisdictions

Medical regulatory authorities in many jurisdictions require carefully conducted studies (clinical trials) in hundreds to thousands of human subjects to determine the benefits and risks of a possible medication. In many jurisdictions, researchers have not conducted sufficient large-scale clinical trials that show that the benefits of the cannabis plant (as opposed to its cannabinoid ingredients) outweigh its risks in patients it's meant to treat.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

Further clinical research studies on the effects of medicinal cannabis may lead to conclusions that dispute or conflict with the Company's (and target companies') understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis.

Research in Canada, the UK, the US and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of Cannabis or isolate cannabinoids (such as CBD and THC) remains in early stages. The statements made in this Document concerning the potential medical benefits of cannabinoids are based on published articles and reports. As a result, the statements made in this Document are subject to experimental parameters, qualifications and limitations in the studies that have been completed.

Although the Company believes that the articles, reports and studies referenced in this document support its belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis as set out in this document, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective investors should not place undue reliance on such articles and reports.

Future research studies and clinical trials may draw opposing conclusions to those stated in this Document or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions relating to Medicinal Cannabis, which could have a material adverse effect on the demand for target company products with the potential to lead to a material adverse effect on a target company's business, financial condition and results of operations, and as such, materially adversely affect the Company's return on investment.

5. Risks relating to regulatory matters

Laws, regulations and guidelines may change in ways that the Company has not predicted

The laws, regulations and guidelines applicable to the medical cannabis industry may change in ways currently unforeseen by the Company.

The Company's ability to invest into approved and properly licensed companies lawfully producing and/or conducting research into Cannabis are subject to laws, regulations and guidelines of the United Kingdom as well as the jurisdictions in which it is invested. If there are any changes to such laws, regulations or guidelines occur, which are matters beyond the Company's control, the Company may incur significant costs in complying with or is unable to comply with such changes. This may have a material adverse effect on the Company's business, financial condition and results.

Regulatory Compliance Risks and maintaining a bank account

Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition, and, therefore, on the Company's prospective returns.

As a result of perceived reputational risk and regulatory risks, the Company, in the medicinal cannabis sector, may in the future have difficulty in maintaining its current bank accounts, establishing further bank accounts, or other business relationships.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

Environmental Regulations and Risks

The operations of some target companies will be subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the business, financial condition and operating results of a target company, and therefore have a material adverse effect on the on a target company, and therefore have a material adverse effect on the Company's return on investment.

6. Risks relating to the Ordinary Shares

Further issues of Ordinary Shares

It may be desirable for the Company to raise additional capital by way of further issues of Ordinary Shares to enable the Company to progress through further stages of development. Any additional equity financing may be dilutive to Shareholders. There can be no assurance that such funding, if required, will be available to the Company.

Acceptability of Ordinary Shares as consideration

Although it is the Company's intention, where appropriate, to use Ordinary Shares to satisfy all or part of any consideration payable for investments, vendors may not be prepared to accept these shares.

Secondary fundraisings

Once the first investment opportunity is identified, the Company will likely be required to seek further equity financing. There can be no guarantee that the Company will be successful in future rounds of fundraising. Such failure to secure further financing may result in the Company abandoning its investment strategy.

7. Risks relating to financial matters

Borrowings

The Company may, from time to time, be required to raise capital (whether through the issue of debt or equity) to make investments. There is no guarantee that the Company will be able to obtain financing on appropriate terms and conditions or at all. The companies in which the Company invests may also have borrowings or otherwise be geared or leveraged. Although such facilities may increase investment returns, they also create greater potential for loss. This includes the risk that the borrower will be unable to service the interest repayments, or comply with other requirements, rendering the debt repayable, and the risk that available capital will be insufficient to meet any such required repayments. There is also the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowings. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions, which are beyond the Company's control) may make it difficult for the Company to obtain new financing on attractive terms or even at all. An inability to obtain such facilities may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

Tax risks

The Company may purchase investments that will subject the Company to withholding taxes in various jurisdictions. In the event that withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on such investments. Such withholding taxes may be imposed on income, gains, issue of securities or supporting documents, including the contracts governing the terms of any financial instrument and such taxes may be confiscatory in nature. The Company shall be making investments in jurisdictions where the tax regime is not fully developed or is not certain.

There can be no certainty that the current taxation regime in England and Wales or in other jurisdictions within which the Company may operate will remain in force or that the current levels of corporation taxation will remain unchanged. Any change in the tax status or tax legislation may have a material adverse effect on the financial position of the Company.

The Company's income may be reduced by exchange controls

The Company may purchase investments that will subject the Company to exchange controls in various jurisdictions. In the event that exchange controls are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on such investments.

Currency and foreign exchange risks

The Company's business will be carried out in currencies other than sterling. To the extent that there are fluctuations in exchange rates, this may have an impact on the figures consolidated in the Company's accounts, which could have a material impact on the Company's financial position or result of operations, as shown in the Company's accounts going forward.

The Company does not currently undertake foreign currency hedging transactions to mitigate potential foreign currency exposure but may do so in future. The Board cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on the business, operating results or financial condition of the Company.

8. Risks Relating to trading on the AQSE Growth Market

Investment in unlisted securities

Investment in shares traded on the AQSE Growth Market is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List or AIM. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

Share price volatility and liquidity

The share price of early stage public companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are traded and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

Ananda Developments Plc

Strategic Report

Year Ended 31 January 2020

Market risks

Notwithstanding the fact that the Ordinary Shares are traded on the AQSE Growth Market, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. Continued admission to the AQSE Growth Market is entirely at the discretion of Aquis Stock Exchange.

Any changes to the regulatory environment, in particular the AQSE Growth Market - Rules for Issuers, could, for example, affect the ability of the Company to maintain a trading facility on the AQSE Growth Market.

Key Performance Indicators

In order for Ananda to create long term value for shareholders it is required to remain adequately capitalised and resourced with suitably qualified and able executives and advisors. In addition, it is required to remain up to date with the changes in the legal and regulatory operating environment. Growth will come from carefully selecting appropriate investments which can deliver capital growth and/or potential dividends for shareholders in the future. The Company's long term performance will be measured by its share price.

As an investment company Ananda's KPIs are as follows:

> Long term return on investment

Ananda assesses its investments in the cannabis sector in the context of a market that is growing fast, is in a state of legal and scientific flux and that its investments are all startups. In this high-risk environment Ananda must see the potential for a return of a multiple of its investment.

It is too early in its history for Ananda to be able to measure this KPI.

> Capital adequacy

Ananda must maintain enough capital to cover its overheads and make and develop its investments.

Ananda has managed to achieve this to this date but must continue to raise capital to maintain this progress until such time as it is able to exit investments or cashflow from them enables it to maintain its capital adequacy position.

> Share Price

Ananda assesses its success in terms of how the market rates it and this is, in the main, the share price. As an investment company Ananda is at the whim of market forces and its ability to maintain capital adequacy is also related to the share price due to the cost of capital.

This is one matter that Ananda must improve on.

On behalf of the board



Melissa Sturgess, Director

31 July 2020

Ananda Developments Plc Directors Report

Year Ended 31 January 2020

The directors present their report and the audited financial statements of the Company for the year ended 31 January 2020.

Directors of the company

The directors who have served during the year and up to the date of approval were as follows:

Charles Morgan
Melissa Sturgess
John Treacy
Inbar Pomeranchik
Peter Redmond

(appointed 11 June 2019)

Statement of Directors' responsibilities

The directors are responsible for preparing the strategic report and the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Results

The statement of comprehensive income is set out on page 23 and shows the loss for the year. The Company is in an early stage of development and the directors consider the loss for the year to be satisfactory. The Directors do not recommend the payment of a dividend.

Future developments

The directors of the Company are focused on investments which will bring long term value to shareholders. After the year ended 31 January 2020, the Company has progressed its intentions to expand its footprint in medicinal cannabis via Tiamat Agriculture Limited to apply for a Home Office Licence to cultivate >0.2% THC cannabis.

**Ananda Developments Plc
Directors Report**

Year Ended 31 January 2020

Financial Instruments

The Company's operations expose it to a variety of financial risks that include the effect of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company by monitoring levels of debt finance and related finance costs.

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in US dollars (USD). Consequently, the Company is exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in manner that has an adverse effect on the fair value of the future cashflows of the Company's financial assets denominated in currencies other than the GBP.

Going Concern

Notwithstanding the loss incurred during the year under review, the Directors have a reasonable expectation that the Company will be able to raise funds to provide adequate resources to continue operations for the foreseeable future. The Directors do not believe that Brexit will adversely influence the Company's access to fresh capital. The Company is likely to need to raise fresh funds in the course of the next 12 months if continued investments are to occur. In the unlikely event that the Company will not be able to raise the required funds for the foreseeable future Directors will institute a programme of cuts to directors' and consultant's remuneration along with other non-fixed costs. The Directors having made due and careful enquiry, are of the opinion that the Company has adequate working capital to execute its operations over the next 12 months. The Company will therefore continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern included in the accounting policies.

It is becoming clear since the year end that the spread of COVID-19 will have a material impact on many economies globally both through the effects of the virus itself and the measures taken by government to restrict its spread. The situation and guidance being given in respect of COVID-19 is an evolving one, which the Board will continue to actively monitor. In this unprecedented time, it is our priority and responsibility to ensure the safety of our team. Accordingly, we are taking measures to ensure we limit travel and movement and are following the guidance of the authorities in the areas we operate. We are all working remotely to progress investments and discussions to ensure that we protect and advance the long-term value of our Company and the interests of our shareholders.

Disclosure of information to the auditors

We, the directors of the company who held office at the date of approval of these financial statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the Board and signed on its behalf.



Melissa Sturgess, Director
31 July 2020

Ananda Developments Plc

Independent Auditors Report to the members of Ananda Developments Plc

Year Ended 31 January 2020

Qualified opinion

We have audited the financial statements of Ananda Developments Plc (the 'company') for the year ended 31 January 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

The company's Statement of Financial Position as at 31 January 2020 reports a balance of £33,925 relating to cash at bank and in hand. The underlying bank account in which this amount is held does not relate to the company. As the company does not hold legal title or ownership of the funds included within the underlying bank account, the requirements of the financial reporting framework to recognise the asset in the Statement of Financial Position have not been met. Accordingly, the value of cash at bank and in hand as at 31 January 2020 should be £0.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion

Material uncertainty related to going concern

We draw attention to note 3.b in the financial statements, which states that the company forecasts it will require additional funding to remain a going concern. The potential impact of COVID-19, whilst not yet fully understood, is expected to have an impact on the operations of the business and its ability to raise additional funding from third parties. As stated in note 3.b, these events or conditions, along with the other matters set forth in note 3.b, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Our application of materiality

In calculating our materiality, we assessed a number of benchmarks based on the loss before tax, gross and net assets. Using our professional judgement, we concluded that the principal benchmark should be 3.5% of net assets. We believe that net assets is the basis most relevant to stakeholders in assessing the financial performance of the company which is in its early years of development. Materiality for the financial statements

Ananda Developments Plc

Independent Auditors Report to the members of Ananda Developments Plc

Year Ended 31 January 2020

as a whole was therefore set at £28,000 (2019: £27,000) with performance materiality calculated at £19,600 (2019: £16,200). Additionally, we agreed to report to those charged with governance all misstatements above £1,400 (2019: £1,350).

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we considered areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls in relation to impairment assessment of the investments, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition, to the matter described in the Material uncertainty related to going concern section we have determined the matter described below to be the key audit matter to be communicated in our report.

| Key Audit Matter | How the scope of our audit responded to the key audit matter |
|---|--|
| <p>Carrying value of investments (Note 10)</p> <p>As at 31 January 2020, the company reports £976,329 of investments on the Statement of Financial Position. These investments represent the most significant asset at the year-end.</p> <p>Due to the sector in which the company invests, there is a risk that the carrying value of the investment is not recoverable and an impairment is required to be recognised.</p> | <p>We performed the following procedures: -</p> <ul style="list-style-type: none">• Performed testing on additions in the year, including confirmation of the title of ownership of the investment• Challenged management regarding the existence of any indicators of impairment in the investee company• Reviewing the directors' assessment of the carrying value and their conclusions thereof.• Performed a post year-end review of the investments to identify transactions to support the 31 January 2020 carrying value |

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Ananda Developments Plc

Independent Auditors Report to the members of Ananda Developments Plc

Year Ended 31 January 2020

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Ananda Developments Plc

Independent Auditors Report to the members of Ananda Developments Plc

Year Ended 31 January 2020

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Ling (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
31 July 2020

15 Westferry Circus
Canary Wharf
London E14 4HD

Ananda Developments Plc
Statement of Comprehensive Income
Year Ended 31 January 2020

| | Note | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|--|------|------------------|------------------------------------|
| Administrative expenses | | (375,224) | (368,299) |
| Interest receivable | 8 | 9,056 | 4,061 |
| Loss from operations | | (366,168) | (364,238) |
| Taxation | | - | - |
| Other Comprehensive Income | | | |
| Foreign Exchange Translation Loss | | (8,292) | - |
| Total comprehensive loss for the year | | (374,460) | (364,238) |
| Earnings per share | | | |
| Basic and diluted earnings per share (pence) | 18 | (0.10p) | (0.11p) |

There was no other comprehensive income in the period.

The notes on pages 27 to 36 form part of these financial statements.

Statement of Financial Position

Year Ended 31 January 2020

| | Note | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|--|------|------------------|------------------------------------|
| Non-Current assets | | | |
| Investments | 10 | 1,287,762 | 460,000 |
| | | 1,287,762 | 460,000 |
| Current assets | | | |
| Loan Notes | 11 | 75,878 | 159,185 |
| Trade and other receivables | 12 | 22,574 | 18,191 |
| Cash at bank and in hand | | 33,925 | 141,254 |
| | | 132,377 | 318,630 |
| Trade and other payables | 13 | 191,742 | 17,528 |
| Net current assets | | (59,365) | 301,102 |
| Total assets less current liabilities | | 1,228,397 | 761,102 |
| Capital and reserves | | | |
| Share capital | 15 | 836,111 | 658,333 |
| Share premium | | 689,229 | 467,007 |
| Share options reserve | | 441,755 | - |
| Retained earnings | | (738,698) | (364,238) |
| Total equity and liabilities | | 1,228,397 | 761,102 |

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



Melissa Sturgess
Director
31 July 2020

The notes pages 27 to 36 form part of these financial statements.

Ananda Developments Plc

Statement of Changes in Equity

Year Ended 31 January 2020

| | Share Capital £ | Share Premium £ | Share Option Reserve | Retained Earnings £ | Total £ |
|---------------------------------------|-----------------------|-----------------------|-------------------------|---------------------------|------------------|
| As at 1 February 2019 | 658,333 | 467,007 | - | (364,238) | 761,102 |
| Total comprehensive loss for the year | - | - | - | (374,460) | (374,460) |
| Proceeds from share Issue | 177,778 | 222,222 | - | - | 400,000 |
| Issue of share options | - | - | 441,755 | - | 441,755 |
| Balance at 31 January 2020 | 836,111 | 689,229 | 441,755 | (738,698) | 1,228,397 |

| | Share Capital £ | Share Premium £ | Share Option Reserve | Retained Earnings £ | Total £ |
|---|-----------------------|-----------------------|-------------------------|---------------------------|----------------|
| On incorporation as at 19 January 2018 | 100,000 | - | - | - | 100,000 |
| Total comprehensive loss for the period | - | - | - | (364,238) | (364,238) |
| Proceeds from share Issue | 558,333 | 467,007 | - | - | 1,025,340 |
| Balance at 31 January 2019 | 658,333 | 467,007 | - | (364,238) | 761,102 |

The following describes the nature and purpose of each reserve within owners' equity:

| Reserve | Description and purpose |
|----------------------|--|
| Share capital | This represents the nominal value of shares issued. |
| Share premium | Amount subscribed for share capital in excess of nominal value. |
| Share option reserve | This represents the fair value of share options/warrants not yet exercised. |
| Retained earnings | Cumulative net gains and losses recognised in the statement of comprehensive income. |

The notes pages 27 to 36 form part of these financial statements.

Ananda Developments Plc
Statement of Cash Flows

Year Ended 31 January 2020

| | Note | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|---|------|------------------|------------------------------------|
| Cash flows from operating activities | | | |
| Cash outflow from operating activities | 16 | (507,329) | (364,900) |
| Net cash outflow from operating activities | | (507,329) | (364,900) |
| Cash flows from investing activities | | | |
| Acquisition of unlisted investments | 10 | - | 460,000 |
| Acquisition of convertible loan notes | 11 | - | 159,186 |
| Net cash used in investing activities | | - | 619,186 |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 15 | 400,000 | 1,125,340 |
| Net increase / (decrease) in cash and cash equivalents | | (107,329) | 141,254 |
| Cash and cash equivalents at the beginning of the year | | 141,254 | - |
| Cash and cash equivalents at the end of the year | | 33,925 | 141,254 |

Material non-cash item

On 8 January 2020, \$100,000 of the loan notes and the related interest had been converted into ordinary shares of iCAN.

The notes on pages 27 to 36 form part of these financial statements.

Ananda Developments Plc

Notes to the Financial Statements

Year Ended 31 January 2020

1 General information

Ananda Developments Plc is a company limited by shares incorporated in England and Wales under the Companies Act 2006 and is quoted on the Aquis Stock Exchange, formerly NEX Growth Market. Its registered office is at 60 Gracechurch Street, London, EC3V 0HR.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest pound.

2 Statement of compliance

The individual financial statements of Ananda Developments Plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The Company has not produced consolidated accounts due to the fact the directors consider the Company as an investment company.

(b) Going Concern

The Board has reviewed the Company's cash flow forecast for the period to July 2021. The forecasts show that the Company will require further funding to meet operational commitments and overheads. In the directors' opinion further equity funding, loans and/or a reduction or deferral of overheads (including directors' remuneration) will be required. The Directors have also received a letter of support confirming that the director loan of £84,986 will not become payable for at least 12 months from the date of approval of these financial statements unless sufficient cash funds are available. The Directors believe that the required funding and financial support will be forthcoming, if required, although this is not guaranteed.

The directors believe it is appropriate to prepare the financial statements on a going concern basis as the Company will have sufficient funds to finance its operations for the next 12 months from the approval of these financial statements.

The spread of COVID-19 will have a material impact on many economies globally and investor sentiment both through the effects of the virus itself and the measures taken by government to restrict its spread. The situation and guidance being given in respect of COVID-19 is an evolving one, which the Board will continue to actively monitor. We are taking measures to ensure we limit travel and movement and are following the guidance of the authorities in the areas we operate. We

Ananda Developments Plc

Notes to the Financial Statements

Year Ended 31 January 2020

are all working remotely to progress investments and discussions to ensure that we protect and advance the long-term value of our Company and the interests of our shareholders.

(c) Investments

Investments in subsidiary undertakings include loans and equity, these are accounted for as a whole as the two items are considered to be indistinguishable and hence the valuation is prepared on a total basis. Where the fair value of an equity investment cannot be estimated reliably, such as investments in unquoted companies, fair value is based on cost less any impairment charges. In this case impairment charges are recognised in profit or loss. The Company assesses at each period end date whether there is any objective evidence that a financial asset or group of financial assets has been impaired.

(d) Debtors and creditors payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

(e) Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. There are no cash equivalents.

(f) Convertible loan notes

Convertible loan notes are recognised initially at the transaction price excluding transaction costs. Subsequently, they are measured at fair value through profit or loss. There is no reliable measure of the fair value of the convertible loan note and as such it is being held at initial cost less any impairment.

(g) Share Option Reserve

The Company has made share-based payment awards to certain Directors, employees and professional service providers by way of issue of share options measured at fair value of the award on the grant date. This is further discussed at note 17.

The fair value of these payments is recognised by the Company over the vesting period based on the Company's estimate of equity instruments that are expected to vest, with a corresponding increase in equity. The impact of revision of the original estimate, if any, at the end of each year, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity.

The expense, where material, is recognised on a straight-line basis over the period from the date of the award to the date of vesting, based on the Company's best estimate of the number of shares that will eventually vest.

(h) Turnover and other income

Interest income

Interest income is recognised using the effective interest method and dividend income is recognised as the company's right to receive payment is established.

Ananda Developments Plc

Notes to the Financial Statements

Year Ended 31 January 2020

(i) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the statement of financial position date are translated using the year end rate.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Due to uncertainties inherent in making estimates, actual results could differ from those estimates. Critical accounting judgements and estimation uncertainty include fair value measurements and the underlying valuation process, and evaluation of control over investees.

Impairment of unlisted investment

The Company has assessed whether the investment to Liberty Herbal Technologies Limited and the convertible loan note to iCAN Israel-Cannabis Ltd continues to be valued in full based upon all available information, which includes assumptions and judgments regarding circumstances in the future, which could have an impact upon recoverability.

Share-based payments

The Company operates an equity settled share option scheme for directors and employees. The increase in equity is measured by reference to the fair value at the date of grant. Management uses the Black Scholes model to value the share options. The model requires use of assumptions regarding volatility, risk free interest rate and a calculation of the value of the option at the time of the grant. Where equity instruments are granted to persons or entities other than staff, the fair value of goods and services received is charged to profit or loss when the transaction do not qualify for recognition of assets, and also except where it is in respect to costs associated with the issue of shares, in which case, it is charged to the share premium account when material.

The Company issued warrants in lieu of fees to stockbrokers. The warrant agreements do not contain vesting conditions and therefore the full share-based payment charge, being the fair value of the warrants using the Black-Scholes model, is recorded immediately when material.

The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitation of the calculations used.

Further details of the specific amounts concerned are given in Note 17.

Ananda Developments Plc

Notes to the Financial Statements

Year Ended 31 January 2020

5. Operating loss

Operating loss is stated after charging: -

| | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|------------------------|------------------|------------------------------------|
| Wages and salaries | 15,252 | 10,710 |
| Directors remuneration | 113,936 | 104,663 |

Additional to the above pension contributions of £1,361 (2019: £210) was paid to a workplace pension scheme on behalf of the directors and staff during the year. No other payments were made under long term incentive schemes or otherwise during the year.

6. Employees and directors

The average monthly number of persons employed by the Company during the year was as follows:

| | 31 Jan 2020 | 19 Jan 2018 to 31 Jan 2019 |
|-----------|-------------|-------------------------------|
| Staff | 2 | 1 |
| Directors | 5 | 3 |

7. Auditors remuneration

| | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|---|------------------|------------------------------------|
| Fees payable to the company's auditors for the audit of the company's annual accounts | 14,400 | 7,800 |
| Fee for other services | - | 10,000 |
| | 14,400 | 17,800 |

8. Interest received

| | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|---|------------------|------------------------------------|
| Interest receivable on Convertible Loan Notes | 9,056 | 4,026 |
| Other Interest receivable | - | 35 |
| | 9,056 | 4,061 |

Ananda Developments Plc

Notes to the Financial Statements

Year Ended 31 January 2020

9. Taxation

| | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|---|------------------|------------------------------------|
| Loss before tax | (374,460) | (364,238) |
| Tax on loss for the year multiplied by the UK corporation tax rate of 19% | (71,148) | (69,205) |
| Tax losses carried forward on which no deferred tax asset has been recognised | (140,353) | (69,205) |
| Tax charge for the year | - | - |

The Company has estimated tax losses of £738,698 (2019: £364,238) available to be carried forward and offset against future profits. There has been no deferred tax asset recognised due to the uncertainty concerning the timescale as to its recoverability.

10. Unlisted Investment

| | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|-------------------------------------|------------------|------------------------------------|
| Brought forward | 460,000 | - |
| Additions in the period: | | |
| Liberty Herbal Technologies Limited | - | 460,000 |
| iCAN Israel-Cannabis Ltd. | 76,342 | - |
| Tiamat Agriculture Limited | 751,419 | - |
| Tiamat Australia Pty | 1 | - |
| Balance at 31 January | 1,287,762 | 460,000 |

Investments are held at cost less impairment.

There is no reliable measure of the fair value of the investments, save for share options, and as such it is being held at initial cost less any impairment. The Company assesses at each period end date whether there is any objective evidence that the investment has been impaired.

During the year, the Company acquired 100% of the ordinary shares of Tiamat Agriculture and Tiamat Australia. The investment in Tiamat Agriculture consist of consideration for the purchases of shares and loans to investee company. They are both mutually exclusive and have been classified under one category in accordance with the "unit of investment valuation method" as allowed for investment companies. Further, investment in Tiamat Agriculture includes contingency shares of £439,976 (2018: nil) for the Directors in respect Tiamat Agriculture's successful Home Office licence application. Share options are further discussed at note 17.

Ananda Developments Plc

Notes to the Financial Statements

Year Ended 31 January 2020

11. Convertible loan note

| | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|---|------------------|------------------------------------|
| <i>Brought forward</i> | 159,185 | - |
| Redemptions in the period: iCAN Israel-Cannabis Ltd. | (83,307) | 159,185 |
| Balance at 31 January | 75,878 | 159,185 |

The loan note has the following terms: -

The loan has an annualised interest of 6% which is accrued in arrears. The convertible loan note of \$200,000 shall be converted into shares of iCAN Israel-Cannabis Ltd at the earlier of a) 28 September 2019, b) merger and/or acquisition into another entity (other than a wholly owned subsidiary), c) on an IPO of iCAN, or d) the issuance of equity securities in iCAN Israel-Cannabis Ltd of at least USD \$2,000,000.

The fair value of the convertible loan note cannot be estimated reliably and as such fair value is based on cost. The Company assesses at each period end date whether there is any objective evidence that the convertible loan note has been impaired.

On 8 January 2020, \$100,000 of the loan notes and the related interest had been converted into ordinary shares of iCAN.

12. Trade and other receivables

| | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|-------------------------------|------------------|------------------------------------|
| Prepayments | 7,328 | 14,165 |
| Amounts due from subsidiaries | 2,163 | - |
| Accrued Income | 13,083 | 4,026 |
| | 22,574 | 18,191 |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Trade and other payables

| | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|-----------------------------|------------------|------------------------------------|
| Trade Creditors | 39,532 | - |
| Accruals | 65,605 | 17,528 |
| Loans | 86,594 | - |
| Amounts due to subsidiaries | 11 | - |
| | 191,742 | 17,528 |

Ananda Developments Plc

Notes to the Financial Statements

Year Ended 31 January 2020

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Financial instruments

| | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|--|------------------|------------------------------------|
| Financial assets | | |
| Financial assets measured at amortised cost | 436,482 | 163,184 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 106,756 | 17,528 |

Financial assets measured at amortised cost comprise bank account balances, loan notes, amounts due from subsidiaries and accrued interest. £9,056 interest income is recognised in respect of iCAN loan note.

Financial liabilities measured at amortised cost comprise trade creditors, loan notes, amounts due to subsidiaries and accruals.

15. Share capital

| | |
|--|-----------------------|
| Allotted, called up and fully paid | |
| 418,055,554 Ordinary shares of £0.002 each | <u>£836,111</u> |
| | £ |
| Share capital | |
| As at 1 February 2019 | 658,333 |
| Shares issued in the period | 177,778 |
| Carried forward 31 January 2020 | <u><u>836,111</u></u> |
| Share premium | |
| As at 1 February 2019 | 467,007 |
| Shares issued in year (net of issue costs) | 222,222 |
| Carried forward 31 January 2020 | <u><u>689,229</u></u> |

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Ananda Developments Plc

Notes to the Financial Statements

Year Ended 31 January 2020

16. Cash generated from operating activities

| | 31 Jan 2020 £ | 19 Jan 2018 to 31 Jan 2019 £ |
|--------------------------------------|------------------|------------------------------------|
| Total comprehensive loss | (374,460) | (364,238) |
| (Increase) in debtors | (315,816) | (18,190) |
| Increase in creditors | 172,886 | 17,528 |
| Conversion of convertible loan notes | 83,307 | - |
| Acquisition of investments | 76,353 | - |
| Non-cash employee benefit | 1,779 | - |
| Foreign exchange loss | 1,328 | - |
| Cash outflow from operations | (507,329) | (364,900) |

17. Share warrants and options

Share warrants and options outstanding and exercisable at the end of the year have the following expiry dates and exercise prices:

| Grant Date | Expiry Date | No. of warrants/ options | Exercise price per share | Estimated Total FMV (£) | |
|------------|-------------|-----------------------------|-----------------------------|-------------------------|----------------------------------|
| | | | | 31 Jan 2020 | 19 Jan 2018 to 31 Jan 2019 |
| May-19 | n/a | 200,000,000 | 0.00275 | 439,976 | - |
| Sep-19 | Sep-24 | 6,300,000 | 0.00265 | 7,101 | - |
| Jun-19 | Jun-24 | 10,451,389 | 0.00320 | 15,250 | - |
| Jun-19 | Jun-22 | 3,333,334 | 0.00320 | 3,689 | - |
| Jun-18 | Jun-21 | 9,875,000 | 0.00450 | 11,484 | 11,484 |

The Company has no legal or constructive obligation to settle or repurchase the options in cash. Options are settled when the Company receives a notice of exercise and cash proceeds from the option holder to the aggregate exercise price of the options being exercised.

The contingency shares granted to the Directors of 200,000,000 will vest 3-days immediately after the grant date of the Home Office license.

Ananda Developments Plc

Notes to the Financial Statements

Year Ended 31 January 2020

The Black Scholes model has been used to fair value the options, the inputs into the model were as follows:

| | 19-May | 19-Jun | 19-Sep |
|-----------------------------------|---------|--------|---------|
| Current Price (£) | 0.00275 | 0.0032 | 0.00265 |
| Option Exercise Price (£) | - | 0.0045 | 0.0045 |
| Expected Life of Options in years | 100 | 5 | 5 |
| Volatility | 50% | 80% | 80% |
| Dividend Yield | - | - | - |
| Risk free interest rate | 0.63% | 0.63% | 0.51% |

The Black Scholes model has been used to fair value the warrants, the inputs into the model were as follows:

| | 18-Jun | 19-Jun |
|-----------------------------------|--------|--------|
| Current Price (£) | 0.0045 | 0.0032 |
| Option Exercise Price (£) | 0.0045 | 0.0045 |
| Expected Life of Options in years | 3 | 3 |
| Volatility | 80% | 80% |
| Dividend Yield | - | - |
| Risk free interest rate | 0.72% | 0.59% |

The risk-free rate of return is based on 3 to 5-year bond yield.

18. Earnings per share

Earnings per share is calculated by dividing the loss for the period attributable to ordinary equity shareholders of the parent by the number of ordinary shares outstanding during the year.

During the year the calculation was based on the loss before tax for the year of £374,460 (2019: £364,238) divided by the weighted number of ordinary shares 386,152,967 (2019: 329,166,666).

19. Post Balance Sheet Events

On 3 February 2020 Melissa Sturgess transferred £46,083 of fees to equity at a price of 0.2p each share.

On 9 February 2020 the loan note in iCan was converted into 180 fully paid and non-assessable ordinary shares.

Ananda Developments Plc

Notes to the Financial Statements

Year Ended 31 January 2020

As disclosed in Note 3(b), the spread of COVID-19 will have a material impact on many economies globally both through the effects of the virus itself and the measures taken by government to restrict its spread. The situation and guidance being given in respect of COVID-19 is an evolving one, which the Board will continue to actively monitor. In our view, COVID-19 is considered to be a non-adjusting post statement of financial position event and no adjustment is made in the financials as a result.

20. Related party transactions

Details of the directors' remuneration can be found in Note 5. Key Management Personnel are considered to be the directors.

During the year, the Company acquired Tiamat Agriculture and Tiamat Australia.

Tiamat Agriculture Limited (TAL) is a 100% subsidiary of the Company. TAL is working in partnership with J E Piccaver & Co and Anglia salads (together, JEPCO group) a large-scale farming company, to obtain a Home Office cannabis cultivation licence. TAL and the JEPCO group both own 50% of DJT Group Ltd, a company which owns 100% of DJT Plants Ltd – which is the body that will submit an application to the Home Office.

A director's loan balance was outstanding as at year end of £84,986. This is excluding any interest payable.

A debt of £311,433 was owed by TAL as at the year end. This is repayable only once the Home Office licence is granted and TAL begin to receive income. This is excluding any interest payable.

21. Controlling party

The Directors believe there to be no ultimate controlling party.