

6 February 2023

## **ANANDA DEVELOPMENTS PLC**

("Ananda" or the "Company")

### **Shareholder Update**

#### **HIGHLIGHTS**

- Test results from 2022 harvested cultivars demonstrate successful growth of diverse strains
- Pre-qualification letters sent to prospective tenderers for manufacturing facility construction
- Company believes that genetic breeding programme has commercial potential

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

Ananda's wholly owned subsidiary, DJT Plants Limited ("DJT"), holds a licence from the Home Office to cultivate >0.2% THC medical cannabis for research at its site in Lincolnshire. Its current operations are focused on strain stabilisation, field trials and planning for its commercial medical cannabis processing facility. These initiatives are in preparation for its intended applications to the Home Office to grow medical cannabis for commercial purposes and to the MHRA (Medicines and Healthcare products Regulatory Agency) for the required GMP (Good Manufacturing Practice) certification.

The Directors provide the following update on the Company's activities.

#### Testing of 2022 harvested cultivars

In late 2022, five of the cultivars grown in DJT's field trials were sent for detailed testing. The results confirm that DJT has successfully grown high THC, balanced THC/CBD, and high CBD cultivars. Detailed analysis of average cannabinoid profiles across a number of plants was conducted, as well as specific analysis of individual plants selected for their superior agronomic qualities. This showed variance between different plants of the same cultivars, which is to be expected and provides support for the Company's decision to undertake the genetic stabilisation programme. It was interesting to note the tradeoff between flower mass yield and cannabinoid yield. The terpene profiles indicate a predominance of myrcene, beta caryophyllene, limonene and alpha pinene. These are the key terpenes in medical cannabis cultivars and so results were as expected.

Next steps are to choose a selection of the tested cultivars for the 2023 field season which will focus on cultivation to GACP (Good Agricultural Collection Practice) standards as part of the progression to commercial growing. Harvested flower is an ingredient for a cannabis medicine and so must be cultivated and harvested as such.

DJT requires an amendment to its Home Office Licence and MHRA licensing to proceed to commercial cultivation and intends to make relevant applications to those authorities at the appropriate time.

#### GMP1 facility

Subject to receipt of the necessary approvals, grown and harvested flower will be moved to a pharmaceutical grade processing and manufacturing facility on site. It has been decided to construct the facility under a Design & Build contract. Pre-qualification letters have been sent to 6 shortlisted companies for them to present their pharmaceutical construction credentials.

#### Strain Stabilisation

The Company now believes it has developed a set of protocols to successfully self-pollinate cannabis and produce enough viable seeds to grow the next generation of plants, each generation of which will be more genetically homogenous than the previous one. The Directors consider this to be a significant achievement with the commercial potential to claim IP (intellectual property) and sell stable genetics in seed form. The genetic breeding programme will continue, with the objective of achieving plants with over 98% genetic similarity by the sixth generation.

The only other known way to achieve this level of genetic stability is to clone plants, which has its own challenges including:

1. Mother plants' health reduces over time
2. There are genetic changes when repeated cloning is conducted over an extended period
3. There is a cost of energy, space, and personnel to maintain mothers and conduct cloning

The advantages of seeds are that they can be easily and inexpensively stored and require no manipulation or attendant activities whilst not being used. They also do not suffer from genetic drift, and so are highly suitable as starting material to grow medical cannabis flower as an active pharmaceutical ingredient.

Ananda's CEO, Melissa Sturgess commented: *"We proceed with confidence. I am delighted we have assembled a best-in-class team which is committed to our objectives. In the cannabis industry we often see people move quickly between jobs and I have wanted to avoid this. All businesses need organisational stability to succeed, so our team remains our key asset. More widely we maintain a close watch on medical cannabis demand and the progress of research into cannabis as a useful medicine. We believe that everything is heading in the right direction and that we are perfectly positioned. Our plan is 'prove and scale' thereby reducing risk, reducing the chance of misallocated capital and getting the best returns for shareholders."*

-Ends-

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

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**About Ananda Developments**

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

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

**Market Abuse Regulation (MAR) Disclosure**

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