

9 March 2023

## ANANDA DEVELOPMENTS PLC

("Ananda" or the "Company")

### Proposed Acquisition of MRX Medical, Subscription to raise £326,200, Board Changes and Issue of Equity

Ananda announces the Company has agreed to acquire MRX Global Ltd ("MRX Global") and its subsidiary, MRX Medical Ltd ("MRX") (the "Acquisition").

MRX has invented a proprietary method to formulate cannabis medicines, the first of which, MRX1, is to be used in two Phase II Randomised Controlled Trials (RCTs) to investigate the effectiveness of cannabidiol (CBD) in chemotherapy induced peripheral neuropathy (CIPN) and in patients with endometriosis. MRX's cannabidiol formulations meet the requirements set out by the National Institute for Health and Care Excellence (NICE) for research into the effectiveness of CBD with no or trace tetrahydrocannabinol (THC). MRX1 and MRX2, MRX's second formulation, will also be launched as unlicensed CBPM's (Cannabis Based Products for Medicinal use) in the coming months.

The clinical trials have received combined commitments of £1.55m in external grant funding and will be carried out by leading investigators at the University of Edinburgh.

Ananda also announces that it has raised £326,200 (before expenses) through a subscription (the "Subscription") of 108,733,327 ordinary shares of 0.2p each in the Company ("Ordinary Shares"; "Subscription Shares") and is issuing a further 747,264,000 Ordinary Shares pursuant to the conversion of loan notes. Subject to completion of the acquisition, Professor Clive Page and Jeremy Sturgess-Smith are being appointed as Directors of Ananda.

Ananda's CEO, Melissa Sturgess commented: *"UK regulators and prescribers have made it clear that evidence for cannabis-based medicines is required to enable them to be prescribed on the NHS. We believe that the acquisition of MRX gives Ananda the opportunity to provide that evidence. MRX also has the potential to deliver near-term revenues for Ananda, through the sale of MRX's formulations, which are ready for launch as unlicensed CBPMs. Our ambition, over time, is to manufacture MRX's oils from flower grown at our own facility in Lincolnshire and we continue work to make that happen."*

#### Highlights

- The acquisition of MRX will immediately bring novel formulations of medical cannabis oils to Ananda's offering, to complement its existing medical cannabis flower cultivation strategy.
- MRX's first formulation, MRX1, will be used in two Phase II RCTs being conducted by leading researchers at the University of Edinburgh.
- Commitments of £1.55 million of grant funding to conduct the trials.
- It has been requested that MRX1 be made available for commercial supply on the NHS if the trials are successful.
- MRX is planning to launch MRX1 and MRX2 as unlicensed medicines.
- Commitments received for a Subscription at 0.3p to raise £326,200 (before expenses).
- Broker option to raise a further £100,000 is available to current shareholders who would like to participate in this capital raising.
- The proposed appointment to the Board of Ananda of Professor Clive Page, Professor of Pharmacology at King's College, London and Jeremy Sturgess-Smith, Head of Corporate for Ananda.
- Certain loan notes issued to Charles Morgan, Chairman of the Company, in 2022, are being converted.
- A circular convening a General Meeting to approve the Acquisition is being sent to shareholders in the Company today.

## **Information about MRX**

MRX is a company which owns the rights to Intellectual Property with regards to the formulation of cannabis medicines.

MRX was initially established to formulate cannabidiol (CBD) oils for sale as food supplements. Whilst it proved difficult to scale the food supplement business commercially, the extensive research involved in developing the CBD formulations was found to be applicable to medical cannabis due to the replicability of the oils produced by MRX.

Specifically, MRX has invented a proprietary method to formulate cannabis medicines which can be used in RCTs into the medical effectiveness of cannabis. MRX's first formulation, MRX1, is being provided to two Phase II RCTs being conducted by the University of Edinburgh for CIPN and endometriosis to be funded externally through £1.55m of combined grants.

MRX will have access to the data produced from the two trials, which the Directors believe are among a very limited number of placebo-controlled Phase II medical cannabis RCTs to be conducted in the UK, apart from those conducted by GW Research (now part of Jazz).

If the RCTs produce successful outcomes, the Directors believe that there is potential for MRX1 to be made available as a CBPM via the NHS.

Moreover, MRX's proprietary methodology is able to formulate cannabis medicines which are essentially THC free. Such THC-free medicines are therefore suitable for use in the CBD research requested by NICE. The Directors believe that this is particularly important, as research is increasingly indicating that THC is not a necessary part of all medical cannabis therapeutics. THC-free medicines will also address concerns expressed by specialist prescribers and medical health bodies (e.g., the British Paediatric Neurology Association) who are concerned about negative side effects of THC.

MRX can produce CBPMs which are consistent from batch to batch, a key requirement to become a licensed medicine, using pharmaceutical ingredients and processes which meet the Good Manufacturing Practice (GMP) manufacturing requirements of the Medicines and Healthcare products Regulatory Agency (MHRA).

The Directors believe that MRX's proprietary formulations for medical cannabis oils will strongly complement the flower-based medicines that Ananda is developing with its subsidiary, DJT Plants Limited ("DJT"), as most patients receiving cannabis-based medicines are prescribed a combination of flower and oil. The Directors anticipate, in the future, being able to provide the raw materials for MRX's medicines from DJT's cannabis cultivation facility in Lincolnshire.

MRX's products are already capable of being supplied to specialist pharmacies as unlicensed CBPMs, potentially generating near-term revenues for Ananda, whilst it continues to work towards commercial medical cannabis flower production at DJT.

The Directors therefore believe that the Acquisition of MRX represents an excellent and complementary opportunity to strengthen Ananda's position in the medical cannabis market and provides strong potential upside for Ananda's shareholders.

Further information about Ananda and MRX is set out in a presentation which is available in the Company Documents section of Ananda's website at [www.anandadevelopments.com/publications](http://www.anandadevelopments.com/publications).

## **Terms of the Acquisition**

Ananda has agreed to acquire 100% of the issued share capital of MRX Global for a consideration of £2,021,520. The consideration will be satisfied by the issue of 673,840,000 new Ordinary Shares (the "Consideration Shares") to the vendors of MRX Global (the "Vendors") at a price of 0.3p per share.

The Vendors comprise Charles Morgan, Chairman of Ananda, Melissa Sturgess, Chief Executive of Ananda, Dr Inbar Pomeranchik, a Non-executive Director of Ananda, Jeremy Sturgess-Smith, who is being appointed as a Director of Ananda and is the son of Melissa Sturgess (the "Related Party Vendors") and Professor Clive Page, who is also being appointed as a Director of Ananda. Both Jeremy and Clive will join the Board only if the Acquisition is approved at the General Meeting.

The Related Party Vendors will receive Consideration Shares as follows:

***Related Party Vendor***    ***Number of Consideration Shares***

Charles Morgan	180,549,333
Melissa Sturgess	199,957,333
Inbar Pomeranchik	26,666,667
Jeremy Sturgess-Smith	105,200,010

The agreement for the Acquisition provides that the existing royalty agreement (the "Royalty Agreement") between MRX Global and certain of the Vendors, namely Charles Morgan, Melissa Sturgess and Jeremy Sturgess-Smith, should be retained. Under the Royalty Agreement, the above-named Vendors are entitled to collectively receive a royalty on all products sold by MRX Global or its subsidiaries, in perpetuity. The royalty is equivalent to 3% of net sales.

The agreement also contains warranties concerning MRX Global and MRX for the benefit of Ananda. These include confirmation that there are no outstanding liabilities other than those disclosed and also grant Ananda the right to buy back some or all of the Consideration Shares, for nominal consideration, in the event of a claim for breach of the warranties and tax indemnities given by the Vendors.

The Acquisition (including the Royalty Agreement) is a Related Party transaction for the purposes of the AQSE Growth Market Access Rulebook. The Directors of the Company who are independent of the Related Party Vendors, namely John Treacy and Stuart Piccaver, having exercised reasonable care, skill and diligence, consider that the Acquisition is fair and reasonable as far as the shareholders of Ananda are concerned.

### **Circular and Notice of General Meeting**

The Acquisition requires the approval of shareholders as it is a substantial property transaction for the purposes of section 190 of the Companies Act 2006. Accordingly, a circular convening a general meeting of the Company (the "General Meeting") to approve the Acquisition, the allotment of the Consideration Shares and the potential buy back of Consideration Shares, is being posted to shareholders shortly.

Ananda has decided that, because the Acquisition is a Related Party transaction, it should be subject to approval by shareholders who are independent of the Vendors.

As Related Party Vendors, Charles Morgan, Melissa Sturgess and Jeremy Sturgess-Smith have therefore agreed not to vote the Ordinary Shares held by them at the General Meeting. Certain other shareholders holding 436,720,000 Ordinary Shares in aggregate, representing 52.53 per cent of the Ordinary Shares otherwise eligible to vote at the General Meeting, have irrevocably undertaken to vote in favour of the resolutions required to approve the Acquisition.

### **The Subscription**

Ananda has raised gross proceeds of £326,200 through a Subscription of 108,733,327 new Ordinary Shares at a price of 0.3p per share.

The net proceeds of the Subscription will be used to fund the operations of MRX and DJT, and for general working capital purposes.

### **Broker Option**

To provide existing shareholders who did not participate in the Subscription with the opportunity to do so, the Company has granted an option (the "Broker Option") to Peterhouse Capital Limited

("Peterhouse"), to subscribe for an additional 33,333,333 new Ordinary Shares (the "Broker Option Shares") on the same terms as the Subscription, exercisable before 5:00pm on 16 March 2023. Depending on demand, the number of Broker Option Shares subject to the Broker Option may be increased at the discretion of the Company with the written agreement of Peterhouse. As far as is practical, participation in the Broker Option will be prioritised for shareholders (direct or indirect) on the register at the close of business on 10 March 2023 ("Existing Shareholders"). If the Broker Option is fully taken up, it will raise an additional £0.1 million before expenses. If the Broker Option is not fully subscribed by 5:00pm on 16 March 2023, orders from eligible investors will be satisfied in full, and the balance of the Broker Option shall lapse. Interested investors are asked to contact Duncan Vasey or Lucy Williams at Peterhouse (contact details at the bottom of this announcement) for more information.

### **New Ananda Directors**

In connection with the Acquisition, the Company is proposing to appoint two new Directors to the Board: Professor Clive Page, who is being appointed as a Non-executive Director, and Jeremy Sturgess-Smith, who is joining the Board as an Executive Director. Both Jeremy and Clive will join the Board only if the acquisition is approved by the Independent Shareholders.

Clive is a Professor of Pharmacology at King's College London, and Director of the Sackler Institute of Pulmonary Pharmacology. Clive's main research interests are in the pharmacology of inflammation and respiratory diseases, and he has published over 250 scientific papers. Clive was the 2006 co-founder and previous Chairman of AIM quoted Verona Pharma plc, which is now capitalized at more than \$1 billion and quoted on NASDAQ.

Jeremy is responsible for Ananda's corporate finance and investor relations and is a committee member of the Prescription Working Group of the Cannabis Industry Council. Jeremy is also a director of MRX Global and MRX Medical, and the Chief Operating Officer of Standard Listed URA Holdings plc.

### **Conversion of Loan Notes**

On 19 December 2022, shareholders approved the issue of £2,241,792 in nominal value of 10% unsecured convertible loan notes (the "2022 CLNs") and warrants to subscribe for 574,084,000 Ordinary Shares to Charles Morgan, in settlement of an outstanding secured loan of £2,241,792 from Mr Morgan to the Company.

Mr Morgan has today converted all of the 2022 CLNs at a price of 0.3p per share, resulting in the issue to him of 747,264,000 new Ordinary Shares in aggregate (the "CLN Shares").

### **Concert Party**

Following the issue of the CLN Shares and the Subscription Shares, the issued ordinary share capital of the Company will comprise 2,026,551,899 Ordinary Shares (the "Enlarged Issued Share Capital"), and the Concert Party (as defined in the circular to Ananda shareholders dated 24 November 2022) will be interested in 1,105,996,485 Ordinary Shares in aggregate, representing 54.58 per cent of the Enlarged Issued Share Capital.

Charles Morgan and Melissa Sturgess (who are members of the Concert Party) are husband and wife and therefore regarded as a single shareholder for the purposes of the City Code on Takeovers and Mergers (the "Code"). Following the issue of the CLN Shares and the Subscription, Charles Morgan and Melissa Sturgess will together be interested in 1,089,660,348 Ordinary Shares, representing 53.77 per cent of the Enlarged Issued Share Capital.

For so long as Charles Morgan and Melissa Sturgess together hold shares carrying more than 50 per cent of the Company's voting share capital, they may, whether or not the Concert Party still exists, increase their interest in the Ordinary Shares in the Company without incurring any obligation under Rule 9 of the Code to make a general offer for the remaining shares.

For so long as the Concert Party holds shares carrying more than 50 per cent of the Company's voting share capital and its members continue to be acting in concert, those members may increase their aggregate interests in the Ordinary Shares in the Company without incurring any obligation under Rule 9 of the Code to make a general offer for the remaining shares, although individual members of the Concert Party, other than Charles Morgan and Melissa Sturgess, will not be able to increase their percentage interest in the Ordinary Shares of the Company through, or between, a Rule 9 threshold without the consent of the Panel on Takeovers and Mergers.

### **Application for Admission**

Application will be made for the CLN Shares and the Subscription Shares to be admitted to trading on the Access segment of the AQSE Growth Market. It is expected that admission will become effective on 15 March 2023.

The CLN Shares and the Subscription Shares will, on admission, rank *pari passu* in all respects with the Ordinary Shares in issue and will rank in full for all dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

Application will also be made for any Broker Option Shares issued under the Broker Option to be admitted to trading on the Access segment of the AQSE Growth Market, after the closing of the Broker Option.

### **Total Voting Rights**

Following the issue of the CLN Shares and the Subscription Shares, the Company will have 2,026,551,899 Ordinary Shares in issue, each share carrying the right to one vote.

This figure of 2,026,551,899 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

-Ends-

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

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**Save as set out below, there is no further information regarding Clive Page or Jeremy Sturgess-Smith that is required to be disclosed pursuant to Rule 4.9 of the AQSE Growth Market Access Rulebook.**

**Clive Page**

**Current Directorships**  
EpiEndo Pharmaceuticals  
Gryon Consulting Limited

**Past Directorships**  
Babraham Research Campus Limited  
The Babraham Research Institute

The Cough and Cold Company Limited  
Prep Biopharma  
Jeremy Sturgess-Smith

Revalo Biotherapeutics Limited (formerly Immune Regulation Limited)

**Current Directorships Past Directorships**

MRX Global Limited URA Holdings plc

MRX Medical Limited

**About Ananda Developments plc**

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.

**Notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them.**

**1 Details of the person discharging managerial responsibilities / person closely associated**

a) Name Charles Morgan

**2 Reason for the notification**

a) Position/status Chairman

b) Initial notification /Amendment Initial

**3 Details of the issuer, emission allowance market participant, auction platform, auctioneer, or auction monitor**

a) Name Ananda Developments plc

b) LEI 894500DFM8VOC5FW4X47

**4 Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted**

a) Description of the financial instrument, type of instrument Ordinary Shares of 0.2p each

Identification code

ISIN: GB00BDQPXQ60

b) Nature of the transaction Conversion of 2022 CLNs

c) Price(s) and volume(s) 747,264,000 Ordinary Shares for nil consideration

d) Aggregated information N/A

- Aggregated volume

- Price

e) Date of the transaction 9 March 2023

f) Place of the transaction N/A