

5 May 2023

ANANDA DEVELOPMENTS PLC

(“Ananda” or the “Company”)

Shareholder Update, Redemption of Loan Notes and Transfer and Exercise of Warrants

Ananda’s ambition is to be a leading provider of high-quality cannabis-based medicines for the treatment of complex, chronic inflammatory pain conditions.

Highlights

- Tender documents are being finalised for construction of GMP1 cannabis processing facility, for release to shortlisted construction companies
- Acceleration of the genetic stabilisation programme
- Early indications of superior plants from stable seeds compared with clones
- MRX1 cannabidiol based unlicensed medical cannabis oil now agreed in principle to be listed with three medical cannabis clinics

Ananda’s CEO, Melissa Sturgess, commented: “The highlight of the month has been to see the quality of our cannabis plants grown from second-generation pure-bred seed genetics, compared with the same cultivar grown from clones. The results are excellent. We believe our strain stabilisation programme and plan to cultivate in the long term from stable seeds is a key part of a sound strategy.”

Commercial

DJT medical cannabis flower, cultivation, and processing

On site this month, the team at DJT Plants Limited (“DJT”) has been preparing the tunnels for the 2023 cultivation activities. This work has been more intensive compared with preparations for last year’s trial cultivation. The 2023 cultivation will be conducted to comply with GACP (Good Agricultural and Collection Practice) to ensure the cultivation team gains experience in these processes ahead of commercial growing, subject to the requisite licences being obtained. Three cultivars have been selected from the results of the 2022 trials and these plants are currently being readied for planting. The cannabinoid profiles of these cultivars have been identified by UK based medical cannabis specialised prescribers as having the potential to fulfil unmet medical needs. Following recent scientific findings that balanced THC:CBD cultivars have been efficacious in the treatment of cancer pain, DJT confirms that balanced strains are included in the 2023 plans.

MRX: cannabidiol based medical cannabis oils

MRX has continued to engage with medical cannabis prescribing clinics ahead of product launch and has now received agreements in principle for three clinics to carry MRX1, its first cannabidiol based unlicensed cannabis medicine.

Research

DJT Genetic Stabilisation

As previously mentioned in Company announcements, there have been several recent breakthroughs in the Company’s genetic stabilisation programme. These breakthroughs relate to:

1. The agents used to encourage male flowers to appear on a female cannabis plant, and
2. The method used to pollinate the plant with itself.

These method changes have now been implemented across the programme for several months and have led to a 50 per cent reduction in the time taken to move from one generation to the next. The method changes have also increased the number of seeds collected per plant by 100 per cent and have also improved the quality of the collected seeds.

The second generation of seeds from the self-crossing programme were planted on 30 March 2023 and, for comparison purposes, several clones of the same cultivar were also planted at the same time. The second-generation seeds have 3 more generations of self-crossing to complete before they are considered stable, however the difference between the seeds and clones at this point is significant. The seed grown plants demonstrate enhanced vigour, faster growth, expansive leaves, and a stronger root system when compared with the plants grown from clones, which exhibit an absence of tap root, age-related stress, and shorter, thicker leaves.

These findings provide the Directors with confidence that cultivars grown from stable seed genetics in a commercial environment will be better performers than cultivars grown from clones. These findings show that propagating cannabis from seed leads to enhanced plant vigour, faster growth rates and strong root systems, with the likelihood of superior yields and plant health. Additionally, seed propagation has increased disease resistance, reducing the likelihood of pests and diseases which can compromise crop success. Producing seeds, storing them, and sprouting them requires orders of magnitude less space, time, and other resources.

Randomised Controlled Trials (RCTs) using MRX1 cannabidiol based medical cannabis oil

The Company's MRX1 medical cannabidiol oil formulation is being prepared for stability trials for the CIPN (Chemotherapy Induced Peripheral Neuropathy) and endometriosis RCTs to be conducted by the University of Edinburgh. The preparation work includes technical manufacturing documentation and validation of analytical methods to ensure the IMP (Investigative Medicinal Product) meets the MHRA Clinical Trial requirements for IMPD (Investigational Medicinal Product Dossier) submission.

Redemption of Loan Notes and Transfer and Exercise of Warrants

Ananda is pleased to announce that the Company has redeemed, in full, the £550,000 of 12.5% Convertible Loan Notes (“CLNs”) issued by the Company in July 2021 (“Redemption”). The CLNs have been redeemed alongside the exercise of 137,500,000 warrants to subscribe for ordinary shares of 0.2p each in the Company (“Ordinary Shares”; Warrant Shares”), as part of a transaction which is cash neutral for the Company.

Redemption of CLNs

The Company has redeemed the CLNs at par for a total cash cost of £550,000. Interest on the CLNs, which had been accruing at the rate of 12.5% per annum and was due to be settled in Ordinary Shares at the end of the CLNs’ life, has been waived by the holders of the CLNs.

Transfer and Exercise of Warrants

On 19 December 2022, Charles Morgan, Chairman of the Company, was issued with, amongst other things, 574,084,000 warrants to subscribe for Ordinary Shares at a price of 0.4p per share (the “Warrants”).

To facilitate Redemption and simplify the capital structure of Ananda, Charles Morgan has transferred 137,500,000 of the Warrants held by him to the holders of the CLNs, pro rata to their holdings of CLNs and for nil consideration.

In return, the holders of the CLNs have used the proceeds from Redemption to exercise the Warrants transferred to them. Accordingly, a total of 137,500,000 Warrant Shares have been issued at a price of 0.4p per share, generating gross proceeds of £550,000 for the Company.

Concert Party Interests

Charles Morgan, Ananda’s Chairman and Melissa Sturgess, Ananda’s Chief Executive Officer, each held £125,000 of CLNs, which have been redeemed, and each have been allotted 31,250,000 Warrant Shares following the exercise of the Warrants transferred to them.

Charles Morgan and Melissa Sturgess (who are members of the Concert Party as defined in the circular to Ananda shareholders dated 24 November 2022) 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 exercise of the Warrants by them, Charles Morgan and Melissa Sturgess will together be interested in 1,532,667,014 Ordinary Shares, representing 53.33 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.

Application for Admission

Application will be made for the Warrant Shares to be admitted to trading on the AQSE Growth Market and admission is expected to become effective on 11 May 2023.

The Warrant 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.

Total Voting Rights

Following the exercise of the Warrants, Ananda has 2,873,847,451 Ordinary Shares in issue, each share carrying the right to one vote.

This figure of 2,873,847,451 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 to their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

To stay abreast of the latest developments at Ananda, we encourage you to follow our social media channels which are:

- Instagram: <https://instagram.com/anandadevelopments?igshid=YmMyMTA2M2Y=>
- LinkedIn: <https://www.linkedin.com/company/anadevelopments/>
- Twitter: https://twitter.com/anandaplcs?s=21&t=9yeIC_xYCfzgDn7j26sfuA

-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 whose ambition is to be a leading provider of high-quality medical cannabis for the treatment of complex, chronic inflammatory pain conditions 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 Identification code	Ordinary Shares ISIN: GB00BDQPXQ60
b)	Nature of the transaction	Exercise of Warrants
c)	Price(s) and volume(s)	31,250,000 Ordinary Shares at 0.4p per share
d)	Aggregated information - Aggregated volume - Price	N/A
e)	Date of the transaction	5 May 2023
f)	Place of the transaction	Off Market

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	Melissa Sturgess
2	Reason for the notification	

a)	Position/status	Chief Executive Officer
b)	Initial notification /Amendment	Initial
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer, or auction monitor	
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