

RNS Number : 9344F
Ananda Developments PLC
13 July 2023

ANANDA DEVELOPMENTS PLC
AQSE: ANA
(“Ananda” or the “Company” or the “Group”)

UNAUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31st JANUARY 2023

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

The information set out below has been extracted from the Group’s draft report and consolidated accounts for the year ended 31st January 2023 and has not been audited. A further announcement will be released by the Company on completion of the audit, which is expected shortly, and any material changes between the financial information set out below and the audited financial information will be disclosed in that announcement.

Chairman’s Statement

I am pleased to announce the Company’s and the Group’s results for the financial year ended 31st January 2023. During the period Ananda completed the acquisition of the 50 per cent of DJT Group Limited (‘DJT Group’) which was not already owned, commenced and progressed the genetic stabilisation programme being carried out by DJT Group’s 100% owned subsidiary DJT Plants Limited (‘DJT Plants’), successfully cultivated a trial medical cannabis crop in DJT Plants’ unique, carbon efficient & low-cost growing environment and renewed DJT Plants’ Home Office >0.2% THC cannabis research cultivation licence.

The most significant corporate event during the year was the completion of the acquisition of DJT Group and restructuring of certain Director loans to allow the Company access to more traditional financing methods going forward. The acquisition and restructuring were completed on 19th December 2022, with the Company paying £3.2 million for the remaining 50% of DJT Group, with consideration being settled via the issue of 350,000,000 ordinary shares of the Company (these shares are in escrow until 19 December 2025).

Subsequent to the year end, the Company announced and has completed the acquisition of MRX Global Limited and its wholly owned subsidiary MRX Medical Limited (‘MRX’).

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 humans) in the coming months.

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

In March 2023, the Company also raised a total of £427,400 via the issue of 142,466,667 ordinary shares of 0.2p each in the Company at a price of 0.3p per share. This, together with the conversion of the Loan notes cleaned up the balance sheet of the Company. The Company maintains an unsecured loan facility from me which it can draw down on, if required and with the agreement of both parties.

On 27th March 2023, the Company held a General Meeting at which the MRX acquisition was approved by shareholders. As the acquisition of MRX and MRX Global Limited was not completed until after the end of the period ended 31st March 2023, its accounts are not consolidated into the financial reports. They will, of course, be included in the future results and accounts of the Company.

Since the close of the MRX acquisition General Meeting, the MRX team has progressed the business significantly. This includes agreeing to list the MRX unlicensed oils on three separate specialist clinic formularies and the launch of the MRX website in June 2023. The website provides an online point of contact for specialists interested in prescribing MRX cannabinoid based oils. In May 2023, the Company also announced that MRX had filed patents over three cannabinoid formulations: MRX1, MRX2 and its most recently invented formulation MRX3. These formulations are being developed as cannabidiol-based medicines for the treatment of a number of complex inflammatory indications which are unmet by existing treatments. A fourth application was also filed which covers the proprietary method for formulating these products.

On 10th July 2023, Home Office representatives visited DJT Plants' facility. This visit was a compliance visit as per the terms of the DJT licence and standard Home Office practice. Two seasons of cultivation trials have now been undertaken and the genetic stabilisation programme is at the third generation of seeds. As a result, this phase of research is now complete and DJT's costs will reduce whilst the Company continues to plan for commercial cultivation and manufacturing.

In the period in question, the Group incurred a loss of £1,127,606 (2021: £970,343) before tax, of which approximately £862,778 represents operational costs. Net assets of the Group at the period end were £632,734 (2021: £288,016) which does not include the assets of MRX Global Limited and MRX Medical Limited.

Charles Morgan
Chairman

ENQUIRIES:

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Statement of Comprehensive Income

	Group	
	31 Jan 2023	31 Jan 2022
	£	£
Administrative expenses	(862,778)	(970,038)
Depreciation	(178,230)	-
Interest payable	(247,983)	-
Loss from operations	(1,288,991)	(970,038)
Loss before taxation	(1,288,991)	(970,038)
Other Comprehensive Income		
R&D repayment	161,385	-
Foreign Exchange Translation Gain/(Loss)	-	(305)

Total comprehensive loss for the year	(1,127,606)	(970,343)
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Statement of Financial Position

	Group	
	31 Jan 2023	31 Jan 2022
	£	£
Non-Current assets		
Tangible Assets	1,756,522	-
Intangible Assets	3,095,751	-
Investments in subsidiaries	-	2,252,192
Total non-current assets	4,852,273	2,252,192
Current assets		
Cash and cash equivalents	18,837	-
Assets under construction	47,080	-
Trade and other receivables	203,776	110,938
Total current assets	269,693	110,938
Current liabilities		
Trade and other payables	1,564,420	1,487,254
Convertible loan notes	2,924,812	587,860
Total current liabilities	4,489,232	2,075,114
Total assets less current liabilities	632,734	288,016
Capital and reserves		
Share capital	2,341,110	1,597,031
Share premium	1,806,544	876,347
Share options reserve	30,216	18,788
Retained earnings	(3,545,136)	(2,204,150)
Total equity and liabilities	632,734	288,016

Statement of Changes in Equity

GROUP	Share Capital	Share Premium	Share Options Reserve	Retained Earnings	Total
	£	£		£	£

As at 1 February 2022	1,597,031	876,347	18,788	(2,204,150)	288,016
Total comprehensive loss for the year	-	-	-	(1,127,606) Error! Reference source not found.	(1,127,606) Error! Reference source not found.
Restated prior year retained earnings				(213,380)	(213,380)
Proceeds from share issue	744,079	930,197	-	-	1,674,276
Issue of share options	-	-	11,428	-	11,428
Balance at 31 January 2023	2,341,110	1,806,544	30,216	(3,545,136)	632,734

Statement of Cash Flows

	Group	
	31 Jan 2023	31 Jan 2022
	£	£
Cash flows from operating activities		
Loss for the year	(1,127,606)	-
<i>Adjustments for:</i>		
Depreciation	178,230	-
Share based payment expense	11,427	-
Net finance expense	247,983	-
(Increase) / Decrease in trade and other receivables	(139,918)	-
Increase / (Decrease) in trade and other payables	295,262	-
Net cash outflow from operating activities	(534,622)	-
Investing activities		
Investment in DJT	-	-
Amounts owed by subsidiary	-	-
Intangible assets	(1,213,140)	-
Purchase of property, plant and equipment	(1,756,522)	-
Net cash (outflow) / inflow/ from investing activities	(2,969,662)	-
Financing activities		
Proceeds from issue of convertible loans	2,336,952	-
Proceeds from issue of ordinary shares	1,674,276	-
Proceeds from loans and borrowings	(240,124)	-
Interest paid	(247,983)	-
Net cash inflow from financing activities	3,523,121	-

Net (Decrease) / Increase in cash and cash equivalents	18,837	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	18,837	-

Going Concern

For the year ended 31 January 2023, the Group recorded a loss of £1,127,606 and had net cash outflows from operating activities of £534,622. An operating loss is expected in the year subsequent to the date of these accounts. The ability of the entity to continue as a going concern is dependent on the Group generating positive operating cash flows and/or securing additional funding through the raising of debt or equity to fund its projects.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Company secured additional funding by way of a £427,200 subscription for ordinary shares in March 2023;
- The Directors are confident that they will be able to raise additional funds to satisfy its immediate cash requirements; and
- The Directors have the ability to reduce expenditure in order to preserve cash if required.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. In the unlikely event that the Company will not be able to raise the required funds for the foreseeable future, the Directors will institute a programme of cuts to directors' and consultant's remuneration along with other non-fixed and operational costs. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

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

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.