

Ananda Developments PLC
24 October 2023

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ANANDA DEVELOPMENTS PLC

("Ananda" or the "Company")

Unaudited Interim Results for the six months ended 31 July 2023

The Directors present the consolidated interim results of Ananda Developments Plc, together with its subsidiaries (the "Group") for the period from 1 February 2023 to 31 July 2023.

UPDATE ON OPERATIONS

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

Ananda had two main areas of focus during the period, those being the ongoing cannabis cultivation, trials and genetic stabilisation work in Ananda's wholly owned subsidiary DJT Plants Limited ("DJT") and the drug discovery process, clinical trials and market launch of various cannabis based unlicensed medicines via its 100% owned subsidiary MRX Medical Limited ("MRX Medical").

MRX Medical

MRX Medical was acquired on 27 March 2023 via the acquisition of 100% of the shares of MRX Global Limited ("MRX") (which in turn owns 100% of the shares of MRX Medical). MRX Medical has developed a proprietary method to formulate cannabis medicines and three proprietary cannabidiol ("CBD") based formulations. MRX1, MRX Medical's first product, is to be used in two Phase II Randomised Controlled Trials ("RCTs") to investigate the effectiveness of CBD in chemotherapy induced peripheral neuropathy ("CIPN") and in patients with endometriosis. After the end of the period, the Company announced that the endometriosis trial is to be funded by the Chief Scientist Office of NHS Scotland via a £300,000 non-dilutive grant. The CIPN trial has also received combined commitments of £1.25 million in external grant funding and both trials are to be carried out by leading investigators at the University of Edinburgh.

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, were launched as unlicensed CBPM's (Cannabis Based Products for Medicinal use in humans) on 27 July 2023.

In March 2023, the Company also raised a total of £427,400 (before expenses) via the issue of 142,466,667 ordinary shares of 0.2p each in the Company at a price of 0.3p per share.

As well as launching the medicines and having them listed on three separate specialist clinic formularies, the MRX website was launched in June 2023. The website provides potential prescribing clinicians with a contact point with MRX via which they can obtain technical data

about the medicines, including ingredients, formulation details, ingredient quality information and dosage guidelines. In May 2023, the Company also announced that MRX had filed patents over three cannabinoid formulations: MRX1, MRX2 and its most recently developed formulation MRX3. These formulations have been 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 a proprietary method for formulating these products. As part of the acquisition of MRX, Professor Clive Page joined the Board of Ananda as an independent non-executive Director. Clive is Professor of Pharmacology at King's College London and Chair of the British Pharmacological Society. 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 US\$1 billion and quoted on NASDAQ. At the same time, Jeremy Sturgess-Smith was also appointed to the Board as an executive director. Jeremy is a founding employee of the Company, its finance director and also a director of MRX Global and MRX Medical.

The Company also appointed SP Angel Corporate Finance LLP as its Aquis Corporate Adviser and Broker during the period, a move intended to help prepare the Company for a potential move to a more senior stock exchange in the future and to gain access to SP Angel's Healthcare research team, which led to the release during the period of the Company's first formal research report.

DJT

During the reporting period, work continued as DJT refined and progressed its genetic stabilisation programme through to its third generation, collecting 29,000 seeds across 45 genetic lines. DJT 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. This is a significant achievement for a company like DJT and one that the Directors believe will enable DJT to claim IP (Intellectual Property) protections over the unique strains it is breeding.

The genetic stabilisation programme has undergone several refinements and alterations to the methodology. These methodological improvements have now been implemented across the programme and have led to a 50 per cent reduction in the time taken to move from one generation to the next. The improvements 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 three more generations of self-crossing to complete before they are considered statistically stable, however the difference between the seeds and clones at the third generation 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.

From May - July, DJT also performed a second year of cannabis cultivation trials in its low cost, low carbon cultivation environment in Lincolnshire. This year, three strains with promising cannabinoid and terpene profiles were selected for growing trials. The strains were selected based on both the performance of the first generation plants during the 2022 cultivation trials and the results of the detailed testing performed on the strains. The results of this testing were received in early 2023 and discussed in a Corporate Update released via RNS on 6 February 2023. The results confirmed that DJT had successfully grown high THC, balanced THC/CBD, and high CBD cultivars.

On 10 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. DJT passed the compliance visit successfully. 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 were reduced whilst the Company continues to plan for commercial cultivation.

Following the close of the period, Ananda announced that it is pausing operations at the DJT cultivation facility to reduce monthly cash burn. DJT is exploring opportunities to partner with a university to attract third party grant funding to complete the genetic stabilisation work. It can scale up commercial cannabis cultivation rapidly, once the UK market has grown to a point where investing the capital to construct the cannabis flower processing and manufacturing facility is possible and makes financial sense for shareholders.

In the period, the Group incurred a loss of £989,893 (Company 2023: £370,287) before tax, which solely represents operational costs. Net assets of the Group at the interim point were £4,842,853 (Company 2023: £7,707,958), the Group figure only includes MRX Global Limited and MRX Medical post 27 March 2023.

On behalf of the board

Melissa Sturgess, Chief Executive Officer
24 October 2023

The directors present their consolidated interim financial statements of the Group for the period from 1 February 2023 to 31 July 2023.

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
Inbar Pomeranchik

John Treacy
 Stuart Piccaver
 Clive Page (Appointed 27 March 2023)
 Jeremy Sturgess-Smith (Appointed 27 March 2023)

Results

The consolidated statement of comprehensive income is set out on page 6 and shows the loss for six-month period to 31 July 2023. The directors consider the loss for the period to be line with expectations. The directors do not recommend the payment of a dividend.

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

Melissa Sturgess, Chief Executive Officer
 24 October 2023

| | Group 6 months to 31 July 2023 | Company 6 months to 31 July 2023 | Group Year ended 31 January 2023 | Company 6 months to 31 July 2022 |
|-----------------------------------|---|---|---|---|
| | Unaudited | Unaudited | Audited | Unaudited |
| Note | £ | £ | £ | £ |
| Administrative expenses | (844,456) | (325,875) | (880,758) | (330,899) |
| Depreciation | (101,025) | - | (172,284) | - |
| Interest payable | (44,412) | (44,412) | (247,983) | - |
| Loss from operations | (989,893) | (370,287) | (1,301,025) | (330,899) |
| Taxation | - | - | - | - |
| Other Comprehensive Income | | | | |
| R&D repayment | - | - | 161,385 | - |
| Total loss for the period | (989,893) | (370,287) | (1,139,640) | (330,899) |

Earnings per share

| | | | | | |
|--|---|---------|---------|---------|---------|
| Basic and diluted earnings per share (pence) | 2 | (0.08p) | (0.03p) | (0.13p) | (0.08p) |
|--|---|---------|---------|---------|---------|

There was no other comprehensive income in the period.

The notes on page 11 form part of these consolidated interim consolidated financial statements.

| | Group 6 months to 31 July 2023 Unaudited £ | Company 6 months to 31 July 2023 Unaudited £ | Group Year ended 31 January 2023 Audited £ | Company 6 months to 31 July 2022 Unaudited £ |
|--------------------------------|--|--|--|--|
| Non-Current assets | | | | |
| Tangible assets | 1,664,405 | - | 1,762,468 | - |
| Intangible assets | 5,827,228 | - | 4,470,376 | - |
| Investments in subsidiaries | - | 9,470,421 | - | 3,173,861 |
| | 7,491,633 | 9,470,421 | 6,232,844 | 3,173,861 |
| Current assets | | | | |
| Cash and cash equivalents | 11,519 | - | 18,837 | - |
| Assets under construction | 47,080 | - | 47,080 | - |
| Trade and other receivables | 221,783 | 130,909 | 210,144 | 35,404 |
| | 280,382 | 130,909 | 276,061 | 35,404 |
| Current liabilities | | | | |
| Trade and other payables | 2,136,162 | 1,893,372 | 1,586,484 | 2,559,399 |
| Convertible loan notes | - | - | 2,924,812 | - |
| | 2,136,162 | 1,893,372 | 4,511,296 | 2,559,399 |
| Non-Current liabilities | | | | |
| Convertible loan notes | - | - | - | 587,860 |
| Deferred tax liability | 793,000 | - | 793,000 | - |

| | | | | |
|--------------------------------------|------------------|------------------|------------------|---------------|
| Total assets less liabilities | 4,842,853 | 7,707,958 | 1,204,609 | 62,007 |
| Capital and reserves | | | | |
| Share capital | 5,756,056 | 5,756,056 | 2,341,110 | 1,641,110 |
| Share premium | 5,328,996 | 5,328,996 | 3,468,944 | 931,444 |
| Equity to be issued | 100,000 | 100,000 | - | - |
| Share option reserve | 51,357 | 51,357 | 32,499 | 24,502 |
| Retained earnings | (6,393,556) | (3,528,451) | (4,637,944) | (2,535,049) |
| Total equity and liabilities | 4,842,853 | 7,707,958 | 1,204,609 | 62,007 |

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

Melissa Sturgess
Chief Executive Officer
24 October 2023

The notes on page 11 form part of these consolidated interim financial statements.

| GROUP | Share Capital | Share Premium | Share Option Reserve | Retained Earnings | Total |
|--|----------------------|----------------------|-----------------------------|--------------------------|------------------|
| | £ | £ | £ | £ | £ |
| As at 1 February 2023 | 2,341,110 | 3,468,944 | 32,499 | (5,403,663) | 438,890 |
| Total comprehensive loss for the period | - | - | - | (989,893) | (989,893) |
| Proceeds from share issue | 3,414,947 | 1,860,052 | - | - | 5,274,998 |
| Issue of share options | - | - | 18,858 | - | 18,858 |
| Equity to be issued | - | - | 100,000 | - | 100,000 |
| Balance at 31 July 2023 | 5,756,056 | 5,328,996 | 151,357 | (6,393,556) | 4,842,853 |
| COMPANY | Share Capital | Share Premium | Share Option Reserve | Retained Earnings | Total |

| | £ | £ | £ | £ | £ |
|---|------------------|------------------|----------------|--------------------|------------------|
| As at 1 February 2023 | 2,341,110 | 3,468,944 | 32,499 | (3,158,164) | 2,684,389 |
| Total comprehensive loss for the period | - | - | - | (370,287) | (370,287) |
| Proceeds from share issue | 3,414,946 | 1,860,052 | - | - | 5,274,998 |
| Issue of share options | - | - | 18,858 | - | 18,858 |
| Equity to be issued | - | - | 100,000 | - | 100,000 |
| Balance at 31 July 2023 | 5,756,056 | 5,328,996 | 151,357 | (3,528,451) | 7,707,958 |

| GROUP | Share Capital | Share Premium | Share Option Reserve | Retained Earnings | Total |
|---------------------------------------|----------------------|----------------------|-----------------------------|--------------------------|--------------------|
| | £ | £ | £ | £ | £ |
| As at 1 February 2022 | 1,597,031 | 876,347 | 18,788 | (3,498,304) | (1,006,138) |
| Total comprehensive loss for the year | - | - | - | (1,139,640) | (1,139,640) |
| Proceeds from share issue | 744,079 | 2,592,597 | - | - | 3,336,676 |
| Issue of share options | - | - | 13,711 | - | 13,711 |
| Balance at 31 January 2023 | 2,341,110 | 3,468,944 | 32,499 | (4,637,944) | 1,204,609 |

| COMPANY | Share Capital | Share Premium | Share Option Reserve | Retained Earnings | Total |
|---|----------------------|----------------------|-----------------------------|--------------------------|--------------------|
| | £ | £ | £ | £ | £ |
| As at 1 February 2022 | 1,597,031 | 876,347 | 18,788 | (3,498,304) | (1,006,138) |
| Total comprehensive loss for the period | - | - | - | (330,899) | (330,899) |
| Proceeds from share issue | 44,079 | 55,097 | - | - | 99,176 |
| Issue of share options | - | - | 5,714 | - | 5,714 |
| Balance at 31 July 2022 | 1,641,110 | 931,444 | 24,502 | (2,535,049) | 62,007 |

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. |
| Retained earnings | Cumulative net gains and losses recognised in the statement of comprehensive income. |

The notes on page 11 form part of these consolidated interim financial statements.

ACCOUNTING POLICIES

General information

Ananda Developments Plc's consolidated interim financial statements are presented in British Pound Sterling (GBP) which is the functional currency of the parent company. These consolidated interim financial statements were approved for issue by the Board of Directors on 24 October 2023.

The financial information set out in these interim financial statements does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Company's statutory financial statements for the year ended 31 January 2023 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006.

These interim results have not been audited nor have they been reviewed by the Company's auditors under ISRE 2410 of the Auditing Practices Board.

Basis of preparation

These consolidated interim financial statements are for the six-month period ended 31 July 2023. They have been prepared following the recognition and measurement principles of FRS 102. They do not include all the information required for full annual

financial statements and should be read in conjunction with the audited consolidated financial statements for the period ended 31 January 2023.

These unaudited consolidated interim financial statements have been prepared on a going concern basis which the Directors believe to be appropriate.

These unaudited consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the consolidated financial statements for the period ended 31 January 2023.

The principle accounting policies applied in the preparation of these Interim financial statements are the same as those applied in preparation of the group's annual financial statements.

1. Foreign currency transactions

Transactions in foreign currencies are translated to GBP at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to GBP at the exchange rate on that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

2. Earnings per share

The calculation of earnings per share is based on the loss attributable to ordinary shareholders divided by the average number of shares in issue during the period.

SUBSEQUENT EVENTS

MRX Trial funding confirmation

Ananda announced on 15 August 2023 that the Chief Scientist Office ("CSO"), which is part of the Scottish Government Health Directorate and is responsible for funding research in NHS Scotland (NHS) is providing the non-dilutive funding for the previously announced endometriosis randomised controlled trial ("RCT") using Ananda's MRX1 sublingual cannabidiol oil. The CSO is providing £300,000 to conduct the trial using Ananda's patent pending MRX1 formulation and matching placebo.

The endometriosis RCT will be conducted by Dr Lucy H R Whitaker (BSc (Hons) MB ChB MSc MD MRCOG), NES CSO Clinical lecturer in Obstetrics and Gynaecology at The University of Edinburgh. Dr Whitaker is supported by Professor Andrew W Horne (PhD, FRCOG, FRCP Edin, FRCSEd, FRSE), Professor of Gynaecology and Reproductive Sciences at The University of Edinburgh. Prof Horne is also Co-director of EXPECT Edinburgh, Specialty Advisor to Scotland's Chief Medical Officer for Obstetrics and Gynaecology, President-elect of the World Endometriosis Society & Co-Editor in chief of peer-reviewed journal Reproduction and Fertility. The 100 endometriosis RCT participants will take Ananda's patent pending MRX1 cannabidiol oil or matching placebo.

Raise via subscription for Convertible Loan Notes

Ananda announced on 6 September 2023 that it had issued 600,000 of £1 each denomination unsecured, interest-bearing convertible loan notes (the "CLNs").

The issue consists of a total cash investment of £300,000 raised from two existing shareholders in the Company and debt capitalisation of £300,000 owed to Charles Morgan, Chairman of Ananda, pursuant to existing loan agreements (the "Loan Agreements"). Following the debt capitalisation, the outstanding unsecured debt owed by Ananda pursuant to the Loan Agreements is £709,000. Charles Morgan has agreed not to call the loans until after 31 January 2025.

The funding will be used for general working capital purposes and to pursue further clinical trials into inflammatory pain conditions.

The key terms of the CLNs are:

- Interest rate of 15 per cent. per annum, which will accrue for the term of the CLNs
- The conversion price is the lower of a 20% discount to the price at which shares are issued in the next capital raising of £1,000,000 or more or 0.4 pence, with a minimum conversion price of 0.2 pence
- Conversion of all CLNs will occur automatically upon the earlier of 30 November 2025, the listing of the Company on a different exchange or change of control.

DJT - Programme on hold

Following the completion of DJT's 2023 medical cannabis cultivation trials which have proven that the low capital, low operating cost cultivation model delivers premium quality medical cannabis flower and after compiling a large database of detailed standard operating procedures and protocols, the next step towards producing medical cannabis flower for sale in the UK is to construct a GMP (Good Manufacturing Practice) manufacturing facility. Ananda does not currently see sufficient demand for cannabis flower in the UK to justify the required capital expenditure so headcount at the Lincolnshire facility has been reduced. Ananda will continue to monitor market demand for cannabis flower before, subject to funding, progressing construction and licencing of a GMP facility. Ananda sees potential for the DJT facility to be used to supply cannabinoid APIs (Active Pharmaceutical Ingredients) for its own MRX medicines.

The genetics programme has delivered third generation seeds with at least 87.5 per cent. homogeneity. DJT has created and documented the proprietary breeding protocols. DJT intends to use these in partnership with a university genetics department to obtain access to third party grant funding to progress the programme to the sixth generation. Following which, it would commence field trials with the resulting plants. The Company will begin applying for government-backed grant funding opportunities as soon as the relevant annual grant calls are published.

Collectively, the impact of these decisions at DJT Plants has been a reduction of approximately £60,000 per month of operating expenses for the group.

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=9yelC_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 company whose ambition is to be a leading provider of cannabinoid-based medicines for the treatment of complex, chronic inflammatory pain conditions.

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.

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