



# HEALTHCARE CONDITIONS

***Non-Independent Research; Marketing & Sales Commentary - MiFID II exempt information  
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## Company Update: 6 June 2023

### Ananda Developments\* (ANA.AQ) - Initiation of Coverage: Developing superior cannabinoid medicines

Market capitalisation: £16.0m; Share price: 0.56p

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- **Two Phase 2 clinical trials set to begin:** Researchers at the University of Edinburgh have selected MRX1, the Company's lead asset, to be evaluated in Phase 2 placebo-controlled trials in two chronic pain conditions: Chemotherapy-induced peripheral neuropathy (CIPN) and endometriosis.
- **Trials expected to be fully funded by grant financing:** £1.55m in non-dilutive grant funding has been awarded to support these two trials, a significant achievement for studies of a cannabinoid product.
- **Growing acceptance of cannabinoids:** According to Prohibition Partners, a think tank, the UK is poised to become the second largest market for cannabinoid medicines in Europe. Adoption will continue to grow as the clinical benefits of cannabinoids are better understood. The upcoming Phase 2 trials should provide further evidence to support use, particularly on the NHS.
- **UK cultivation facility up and running:** A genetic breeding programme to develop cannabis plant variations with superior traits is progressing well. Planned construction of a GMP pilot manufacturing facility should support the key aim of receiving Home Office and MHRA approval to grow and manufacture medicinal cannabis for commercial supply.

Ananda Developments ("Ananda", "the Group", "the Company") is making substantial progress towards its aim of becoming a leading UK grower and supplier of high-quality cannabis and cannabinoid-based products for medicinal use in humans (CBPMs). To achieve this, the Group is advancing several activities at its two subsidiaries: MRX Medical, which is focused on the formulation and commercialisation of cannabidiol oil medicines, and DJT Plants which aims to grow medical grade cannabis to produce CBPMs.

Ananda is close to launching its first product, MRX1, a cannabidiol-based oil, as an unlicensed medicinal product (special), the standard route for CBPMs in the UK. Ananda is positioning MRX1 as an option for patients with complex chronic inflammatory conditions to help manage pain and other symptoms when conventional treatments, such as highly addictive opioids, have failed. Given the unmet need, MRX1 has been selected to be used in two placebo-controlled UK Phase 2 trials run by the University of Edinburgh. The trials aim to evaluate the safety and efficacy of MRX1 in two chronic inflammatory pain conditions: chemotherapy-induced peripheral neuropathy (CIPN) and endometriosis. These conditions have large addressable populations and are underserved by current treatments. The trials are expected to be funded by external grant awards of £1.55m from leading medical research agencies. The selection of MRX1 for these trials is a significant achievement for the Group. Positive data should drive adoption of the product as a special within the NHS and help clarify the route for approval for MRX1 as a licensed therapy.

At DJT Plants' dedicated facility in Lincolnshire, UK, Ananda is using cost-effective and proven growing methods to cultivate consistent, high-quality medical cannabis. Ananda aims to obtain regulatory approval from the UK Home Office and the MHRA to grow, process and supply CBPMs for UK patients. An ongoing genetic breeding programme aims to develop novel cannabis strains with superior traits to existing variations. Alongside the commercial production of CBPMs, the genetic programme has the potential to offer additional revenue streams, such as selling seeds or genetic licences to breeders.

UK adoption is growing after the use of CBPMs was legalised in 2018. The UK is set to become the second largest European market for cannabis medicines in 2023. However, patient access remains limited (under 10 patients are prescribed CBPMs in the NHS) with clinicians citing a lack of clinical data and lack of transparency of product quality (most medical cannabis is imported from abroad). We believe Ananda is well placed to provide confidence to prescribers and regulators via the upcoming clinical trials and the replicability of its MRX1 formulations which can generate safety and efficacy data whilst DJT Plants can provide high quality and consistent batches of CBPMs with a fully domestic supply chain.

*\* SP Angel acts as AQSE Corporate Adviser and Broker to Ananda Developments*

## Healthcare Research

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Buy - Expected return >15%

Hold - Expected return range -15% to +15%

Sell - Expected return < 15%