

ANANDA DEVELOPMENTS PLC

Consolidated Interim Financial Statements (Unaudited)

Period Ended 31 July 2024

Company registration number: 11159584

Ananda Developments Plc

Company number 11159584

Consolidated Interim Financial Statements

Period Ended 31 July 2024

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Ananda Developments Plc

Company number 11159584

Company Information

Period Ended 31 July 2024

Company registration number

11159584

Directors

Charles Morgan
Melissa Sturgess
John Treacy
Stuart Piccaver
Clive Page
Jeremy Sturgess-Smith

Secretary

SGH Company Secretaries Limited

Registered office

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Independent auditor

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Corporate Adviser & Broker

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Solicitor

Orrick Herrington & Sutcliffe LLP
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Business Review**Period Ended 31 July 2024**

The Directors present the consolidated interim results of Ananda Developments Plc (“the Company”), together with its subsidiaries (“the Group”) for the period from 1 February 2024 to 31 July 2024.

UPDATE ON OPERATIONS

Ananda is dedicated to developing medicines to treat complex, chronic inflammatory pain conditions. With 28 million people in the UK alone dealing with chronic pain and the NHS spending over £5 billion annually on musculoskeletal pain, there is a pressing need for better, more effective treatments as in many of these conditions, which exhibit complex, chronic inflammation and pain, there is significant unmet medical need.

We believe in the transformative potential of cannabinoids, supported by a growing body of clinical and real-world evidence. Our commitment is to deliver:

- Robust clinical trial evidence through partnerships with world-leading researchers and key opinion leaders
- The highest quality cannabinoid medicines, manufactured to the strictest pharmaceutical standards
- Licensed cannabinoid medicines available initially on the NHS before looking to the global market

Our patent-pending MRX1 CBD formulation is being used in two fully funded Phase II randomised controlled trials into:

- chemotherapy induced nerve pain; and
- endometriosis

As announced earlier this month our [patent-pending MRX2 and MRX2T CBD and CBD + tetrahydrocannabinol \(THC\) formulations have been selected as the active pharmaceutical ingredients in two funded Phase III randomised controlled trials](#) into:

- refractory (drug-resistant) early onset epilepsies; and
- refractory genetic generalised epilepsies

In these trials, which are funded by NIHR and NHS England, researchers will study whether MRX2 & MRX2T are safe and effective in reducing the number and severity of seizures experienced by people with epilepsy, as well as their effects on learning, sleep, behaviour, quality of life, stress, and anxiety.

The two studies will be the world’s first double blind randomised controlled trials to investigate the use of CBD and THC together for epilepsy, and the first to evaluate the medicines in children and adults who have a broad range of difficult-to-treat epilepsies. Previously, double blind randomised controlled trials investigated the use of CBD-only in three rare conditions associated with drug-resistant epilepsy (Dravet Syndrome, Lennox Gastaut Syndrome, and tuberous sclerosis complex).

Over 18 months, 500 patients will be recruited across the UK at multiple NHS sites. The patients will be randomly assigned either CBD, a combination of CBD and THC, or a matched placebo supplied by [Ananda Developments plc](#). The formulations being used for the trials are Ananda’s patent pending MRX2 (CBD) Oral Solution, MRX2T (CBD + THC) Oral Solution, and a matched placebo. The scale and design of the Phase III trials will provide a greater understanding of both the benefits and potential risks of MRX2 and MRX2T as new treatments.

Also announced after the end of the period, our patent-pending MRX1 CBD formulation is to undergo pharmacokinetic assessment in a Phase I study.

Also announced during the period, positive pre-clinical study results were received for our patent-pending MRX1 CBD formulation in the potential treatment of [Heart Fibrosis with Preserved Ejection Fraction](#).

We continue to investigate trials in other conditions including Heart Fibrosis with Preserved Ejection Fraction, as we aim to build a comprehensive pre-clinical pipeline.

Business Review**Period Ended 31 July 2024**

During the 6 months to 31 July 2024, the team focused on advancing the two Phase II clinical trials. This involved work to ensure a robust supply chain for the manufacture of the investigative medicines, writing the Investigator Brochure and Investigational Medicinal Product Dossier for the patent-pending MRX1 CBD formulation, obtaining quotes for the pharmacokinetic study, liaising with the clinical trial teams at the University of Edinburgh and preparing submissions to the ethics committee in advance of dosing. Ethics approval is a key step towards dosing commencing in trial patients.

We have also been assessing regulatory, market access and pricing strategies with support of independent specialist advisors. We are working to ensure the clinical trials programme is designed in a way that is most likely to lead to marketing authorisations and healthcare provider uptake, principally via the NHS in the UK and in other countries.

During the period we announced the formation of Ananda's Scientific Advisory Board. Chaired by Ananda's independent non-executive director Professor Clive Page, we are fortunate to have the added guidance of Professor Trevor Jones and Professor Cherry Wainright as we work towards our objective of delivering licenced CBD drugs to the NHS to treat complex chronic inflammatory pain conditions. Ananda held its first Scientific Advisory Board meeting at the Royal College of Surgeons in Edinburgh during May 2024. It was a very constructive day where we discussed each trial in detail and the Company's plans for further trials and received feedback and input from specialist scientists. Following the end of the period, we welcomed Professor Marie Fallon, the Lead Investigator on our CIPN trial, to the Scientific Advisory Board. Professor Fallon is the Lead Investigator on our CIPN trial and a key opinion leader in the treatment of cancer pain.

By collaborating with respected researchers, like Professor Fallon, we believe we are well positioned to secure NHS availability for our patent-pending CBD based medicines.

[Throughout the period, we maintained active communication with our shareholders, providing updates and engaging through our Hub.](#) This hub facilitates access to Company news, market data, and allows us to respond directly to shareholder questions. Please sign up for the Investor Hub [here](#).

Through our Investor Hub, we published several blogs/presentations that form part of a series on clinical and pre-clinical trials and clinical development. So far we have released:

- [An Introduction to Cannabidiol \(CBD\)](#)
- [What Happens Before a Clinical Trial Starts?](#)
- [What is the Purpose of a Pharmacokinetic Study?](#)
- [Why Run a Phase 1 Study in Australia?](#)
- [What Happens During a Pharmacokinetic Study?](#)
- [Therapeutic Potential of CBD](#)

We intend to publish more blogs and presentations in the coming months. These will cover the work that goes on before, during and after clinical trials as well as why we take certain steps in the development pathway. All will be available on our [Hub, so please sign up!](#)

Also during the period, we announced the [encouraging results of a pre-clinical study we ran in partnership with Robert Gordon University](#). This trial investigated the use of MRX1, our patent pending CBD-based formulation, in mice with Heart Fibrosis with preserved Ejection Fraction ('HFpEF'). In summary:

- Administration of MRX1 has shown significant cardioprotective effects in a mouse study, demonstrating its potential as a treatment for patients with heart failure with preserved ejection fraction (HFpEF).
- The research involved detailed assessments of cardiac function, plasma CBD levels, and molecular markers of heart failure, fibrosis, and inflammation.
- MRX1 exhibited multiple traits which indicate an effectiveness in mitigating cardiac fibrosis and improving heart health.
- These data have been included in Ananda's International Patent Application for MRX1.

Ananda Developments Plc**Company number 11159584****Business Review****Period Ended 31 July 2024**

- The data was presented on 25 June 2024 for the first time at the 9th Federation of European Pharmacological Societies (EPHAR) conference in Athens.
- The successful outcomes suggest MRX1 could be a valuable therapeutic option for HFpEF and other cardiac conditions. Ananda is currently investigating next steps on how to bring this promising treatment to clinical use.

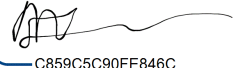
Earlier this year Ananda joined the Cannabinoid Research and Development Group, which is co-Chaired by Professor Trevor Jones and George Freeman MP. The group is executing a strategy to establish the UK as a global leader in R&D in cannabinoid science by building a robust ecosystem - integrating universities, research institutions, investors, businesses, and the NHS, to advance the understanding of cannabis and its derivatives.

[On the 15 July 2024, the Company published its annual report and audited accounts.](#) The report contains a compelling case study for CBD on pages 7&8, which makes particularly worthwhile reading.

After the end of the reporting period we announced the [completion of a capital raising](#). The fund raising of £2.2m was cornerstoned by Ananda's Chairman, Charles Morgan who invested approximately £2 million, continuing to show his commitment to Ananda's activities and potential. At the same time both Charles and I capitalised unsecured debt of approximately £1.9m to cleanse the Company's balance sheet of all outstanding debt besides the 2023 Convertible Loan Notes. This fund raising would not have been possible without the added support of our wider shareholder base, [who participated via a WRAP Retail Offer](#). I would like to thank everyone who participated in this offer.

In the period, the Group incurred a loss of £1,213,270 before tax. This was largely made up of expenses related to the pursuit of our clinical trials. Net liabilities of the Group at the interim point were £860,309, mostly made up of outstanding 2023 issued Convertible Loan Notes which expire in November 2025.

On behalf of the board,

Signed by:


C859C5C90FE846C...
Melissa Sturgess, Chief Executive Officer

30 October 2024

Ananda Developments Plc

Company number 11159584

Directors Report

Period Ended 31 July 2024

The directors present their consolidated interim financial statements of the Group for the period from 1 February 2023 to 31 July 2024.

Directors of the company

The directors who have served during the period and up to the date of approval were as follows:

Charles Morgan
Melissa Sturgess
John Treacy
Stuart Piccaver
Clive Page
Jeremy Sturgess-Smith

Results

The consolidated statement of comprehensive income is set out on page 7 and shows the loss for six-month period to 31 July 2024. 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.

Signed by:

C859C5C90FE846C...
Melissa Sturgess, Chief Executive Officer
30 October 2024

Ananda Developments Plc**Company number 11159584****Consolidated Interim Statement of Comprehensive Income****Period Ended 31 July 2024**

| | | Group 6 months to 31 July 2024 | Group Year ended 31 January 2024 | Group 6 months to 31 July 2023 |
|---|------|---|---|---|
| | Note | Unaudited £ | Audited £ | Unaudited £ |
| Revenue | | 764 | | |
| Administrative expenses | | (756,938) | (1,729,317) | (844,456) |
| Impairment | | - | (3,873,816) | |
| Depreciation | | (315,808) | (1,190,155) | (101,025) |
| Interest payable | | (144,129) | (138,806) | (44,412) |
| Interest receivable | | 167 | 27 | |
| Loss from operations | | (1,215,944) | (6,932,067) | (989,893) |
| Taxation | | 2,697 | 781,280 | - |
| Other Comprehensive Income | 1 | | | |
| R&D repayment | | - | 6,624 | - |
| Royalties | | (23) | - | - |
| Total loss for the period | | (1,213,270) | (6,144,163) | (989,893) |
| Earnings per share | | | | |
| Basic and diluted earnings per share (pence) | 2 | (0.04p) | (0.23p) | (0.08p) |

There was no other comprehensive income in the period.

The notes on page 10 form part of these consolidated interim financial statements.

Ananda Developments Plc**Company number 11159584****Consolidated Interim Statement of Financial Position****Period Ended 31 July 2024**

| | Group 6 months to 31 July 2024 | Group Year ended 31 January 2024 | Group 6 months to 31 July 2023 |
|--------------------------------------|---|---|---|
| | Unaudited £ | Audited £ | Unaudited £ |
| Non-Current assets | | | |
| Tangible assets | 1,466,641 | 1,566,303 | 1,664,405 |
| Intangible assets | 1,675,182 | 1,874,839 | 5,827,228 |
| Investments in subsidiaries | - | - | - |
| | 3,141,823 | 3,441,142 | 7,491,633 |
| Current assets | | | |
| Cash and cash equivalents | 48,017 | 84,431 | 11,519 |
| Assets under construction | - | - | 47,080 |
| Trade and other receivables | 69,724 | 77,380 | 221,783 |
| | 117,741 | 161,811 | 280,382 |
| Current liabilities | | | |
| Trade and other payables | 3,388,129 | 2,565,666 | 2,136,161 |
| Convertible loan notes | 685,005 | 636,507 | - |
| | 4,073,134 | 3,202,173 | 2,136,161 |
| Non-Current liabilities | | | |
| Convertible loan notes | - | - | - |
| Deferred tax liability | 46,739 | 49,436 | 793,000 |
| Total assets less liabilities | (860,309) | 351,344 | 4,842,854 |
| Capital and reserves | | | |
| Share capital | 5,756,057 | 5,756,057 | 5,756,057 |
| Share premium | 5,328,996 | 5,328,996 | 5,328,996 |
| Equity to be issued | - | - | 100,000 |
| Share option reserve | 50,015 | 48,398 | 51,357 |
| Retained earnings | (11,995,377) | (10,782,107) | (6,393,556) |
| Total equity and liabilities | (860,309) | 351,344 | 4,842,854 |

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

Signed by:

 G859C5C90FF846C
 Melissa Sturges
 Chief Executive Officer
 30 October 2024

The notes on page 10 form part of these consolidated interim financial statements.

Ananda Developments Plc**Company number 11159584****Notes to the Consolidated Interim Financial Statements****Period Ended 31 July 2024**

| GROUP | Share Capital | Share Premium | Share Option Reserve | Retained Earnings | Total |
|---|--------------------------|--------------------------|-------------------------------------|------------------------------|------------------|
| | £ | £ | £ | £ | £ |
| As at 1 February 2024 | 5,756,057 | 5,328,996 | 48,398 | (10,782,107) | 351,344 |
| Total comprehensive loss for the period | - | - | - | (1,213,270) | (1,213,270) |
| Share based payment | - | - | 1,617 | - | 1,617 |
| Balance at 31 July 2024 | 5,756,057 | 5,328,996 | 50,015 | (11,995,377) | (860,309) |

| GROUP | Share Capital | Share Premium | Share Option Reserve | Retained Earnings | Total |
|---------------------------------------|--------------------------|--------------------------|-------------------------------------|------------------------------|------------------|
| | £ | £ | £ | £ | £ |
| As at 1 February 2023 | 2,341,110 | 3,468,944 | 32,499 | (4,637,944) | 1,204,609 |
| Total comprehensive loss for the year | - | - | - | (6,144,163) | (6,144,163) |
| Proceeds from share issue | 3,414,947 | 1,860,052 | - | - | 5,274,999 |
| Issue of share options | - | - | 15,899 | - | 15,899 |
| Balance at 31 January 2024 | 5,756,057 | 5,328,996 | 48,398 | (10,782,107) | 351,344 |

| 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 | - | - | 5,274,999 |
| Issue of share options | - | - | 18,858 | - | 18,858 |
| Equity to be issued | - | - | 100,000 | - | 100,000 |
| Balance at 31 July 2023 | 5,756,057 | 5,328,996 | 151,357 | (6,393,556) | 4,842,854 |

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 10 form part of these consolidated interim financial statements.

Ananda Developments Plc**Company number 11159584****Notes to the Consolidated Interim Financial Statements****Period Ended 31 July 2024****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 30 October 2024.

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 2024 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 2024. 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 2024.

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 2024.

The principal 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**Raise via subscription and placing**

[Successfully raised gross proceeds of £2,225,857 from new and existing shareholders by way of a placing, subscription](#) (together the "Fundraise") and [WRAP Retail Offer](#) of new Ordinary Shares at a price of 0.3 pence per share (the "Issue Price").

Highlights:

Notes to the Consolidated Interim Financial Statements**Period Ended 31 July 2024**

- Ananda successfully raised gross proceeds of £2,145,861 including a £2,040,800 subscription by Charles Morgan, the Company's Chairman
- In addition to the Fundraise, the Company offered additional shares to existing shareholders through a retail offering on the Winterflood Retail Access Platform
- Charles Morgan and Melissa Sturgess (CEO) also agreed to capitalise all unsecured debt owed to them, with additional share authorities being granted at a general meeting on 8 October 2024. The capitalisation of this debt significantly strengthened the Company's balance sheet
- Proceeds of this Fundraise and WRAP Retail Offer will be used to manufacture MRX1 for CIPN and Endometriosis Phase II studies, execute a pharmacokinetic study for MRX1 in Australia and general working capital
- The Company has also issued options to key management personnel

Ananda cannabinoid medicines to be used in NHS epilepsy trials

[On 21 October 2024, Ananda announced that two of its patent pending cannabinoid medicines, MRX2 and MRX2T, will be used in two NIHR- & NHS-funded Phase IIIa epilepsy clinical trials involving up to 500 patients in total.](#) The trials will be run by investigators at University College London and Great Ormond Street Hospital.

The objective of the trials is to test the safety and efficacy of Ananda's specific cannabidiol (CBD) and CBD plus THC formulations for two treatment-resistant epilepsy groups in children and adults. If the results are favourable, they will pave the way for a submission of these medicines to the MHRA and other regulatory bodies for regulatory approval.

The trials are being funded by a partnership between NHS England and National Institute for Health and Care Research (NIHR) and will be co-led by Professor Finbar O'Callaghan and Professor Helen Cross of University College London (UCL) and Great Ormond Street Hospital for Children NHS Foundation Trust (GOSH).

Highlights:

- MRX formulations will be used as the investigational medicinal products (IMPs) in two NIHR/NHS funded Phase III randomised controlled trials (RCTs) investigating the treatment of complex epilepsies
 - Trial 1: MRX2 (CBD), MRX2T (CBD + THC) versus placebo in patients with refractory (drug-resistant) early onset epilepsies.
 - Trial 2: MRX2 (CBD), MRX2T (CBD + THC) versus placebo in patients of normal cognitive ability with refractory genetic generalised epilepsies.
- Existing evidence suggests cannabis-based medicinal products are promising treatments for difficult to treat epilepsies, with one CBD-only medicine already licenced to treat three rare conditions associated with drug-resistant epilepsy
- Should the trials deliver successful results, MRX intends to progress further regulatory and commercial development activities of these medicines via a licensing option that has been granted by UCL over any IP arising from these trials

In combination, the trials will involve up to 500 patients from across the UK and together, will be the largest investigational trials conducted to date for cannabinoids as a treatment for refractory epilepsy

Graduation to APEX segment of the AQUIS Stock Exchange

On 5th August, trading in the Company's shares was moved to the senior Apex segment of the Aquis Stock Exchange ("AQSE") Growth Market.

The Apex segment is reserved for larger, more established businesses with a proven growth strategy and which meet higher standards of corporate governance.

Phase 1 Pharmacokinetic Study of MRX1

Notes to the Consolidated Interim Financial Statements**Period Ended 31 July 2024**

[On 9th October 2024, the Company announced that Ananda's Australian subsidiary had signed a contract with Southern Star Research Pty Ltd \('SSR'\)](#), a leading Australian Contract Research Organisation, to carry out a Phase 1 clinical trial investigating the pharmacokinetic ("PK") profile, tolerability and safety of the Company's lead investigative asset, MRX1.

Highlights:

- Contract signed for Phase 1PK study
- The clinical trial will investigate the PK profile, tolerability and safety of MRX1 in healthy volunteers
- The data generated will inform future clinical trials in patients and form an integral part of any future regulatory applications, including with the MHRA in the United Kingdom or FDA in the United States
- Collected data will form part of Ananda's MRX1 patent estate and wider intellectual property portfolio
- Significant financial advantages of running the study in Australia, including an R&D Tax Incentive of up to 43.5% of eligible research and development costs

Addition to Scientific Advisory Board

Lastly, [Professor Marie Fallon has agreed to join the Company's Scientific Advisory Board \("SAB"\)](#) to provide the Company with expert technical advice and guidance. The SAB is Chaired by Professor Clive Page, a non-executive director of Ananda Developments plc and it held its first meeting in Edinburgh in May 2024.

Prof. Fallon is also the lead investigator for Ananda's Phase II study investigating the pain-relieving effects of MRX1 in patients with Chemotherapy Induced Peripheral Neuropathy.

Professor Marie Fallon

Marie Fallon (MD FRCP(Glas) FRCP(E) MRCGP DCH DRCOG). Marie is a Professor of Palliative Medicine at the University of Edinburgh and is an Honorary Consultant in Palliative Medicine based at the Edinburgh Cancer Centre. Marie has played a significant role in research, leading both national and international research studies around pain and cachexia in cancer patients. Marie has led the development of international palliative care guidelines such as ESMO for cancer pain and ASCO for cachexia.

Marie has been Joint Editor of four editions of the Oxford Textbook of Palliative Medicine which is the reference textbook in the specialty. Prof. Fallon has edited several other books and sits on numerous grant committees, as well as being an editorial board member of the BMJ Supportive and Palliative Care journal. Finally, of note, much of Marie's recent and current research relates to Low- and Middle-Income Countries (LMICs), where she is seeking to address the issue of poor opioid availability in LMICs.