



# **Ananda Developments PLC Annual Report and Financial Statements**

**For the year ended 31 January 2024**

## Company Information

<b>Directors</b>	Charles Morgan Clive Page Stuart Piccaver Inbar Pomeranchik Melissa Sturgess John Treacy Jeremy Sturgess-Smith	(Appointed 27 March 2023)      (Appointed 27 March 2023)
<b>Secretary</b>	SGH Company Secretaries Limited	
<b>Company number</b>	11159584	
<b>Registered office</b>	6th Floor 60 Gracechurch Street London EC3V 0HR	
<b>Auditor</b>	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD	
<b>Bankers</b>	Barclays Bank PLC Leicester LE87 2BB	
<b>Solicitors</b>	Orrick Herrington & Sutcliffe LLP 107 Cheapside London EC2V 6DN United Kingdom	

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## Chairman's statement

For the year ended 31 January 2024

I am pleased to announce the Company's and the Group's results for the financial year ended 31<sup>st</sup> January 2024.

During the period in review I have been encouraged by the increased global attention on the potential of cannabidiol ('CBD') to effectively treat a range of complex, chronic inflammatory pain conditions. Whilst there remains some confusion about the regulations surrounding CBD, whether that be in the food supplement or medical space, I am increasingly convinced that the best way to help patients who suffer from a range of conditions for which CBD may be helpful is to develop licensed drugs which will be available on the UK's NHS and be supported by a recommendation from NICE.

I believe Ananda is at the forefront of the development of CBD based drugs with our patent-pending MRX formulations and formulation method. Our first indications, chemotherapy induced peripheral neuropathy (CIPN) and endometriosis are standout targets. If we can get through clinical trials and achieve a marketing authorisation in one of these indications, we will have the best intellectual property protection available in the form of 10 years of market exclusivity for our drug in the treatment of CIPN or endometriosis.

Like all companies in a new sector the road is always long and often winding. This is no different for Ananda and we are grateful for the support of our shareholders who are with us on this journey, as convinced as we are that this is the right work to be doing. The life of a micro-cap company is high risk with the concomitant rewards. There have been only a few times in my long career where I have felt ahead of the curve. The first was when my partner and I pegged large areas of land in North-East Pennsylvania, which later became the billion-dollar value Marcellus Gas Field. The second was in the founding of Clarity Pharmaceuticals Ltd about 15 years ago. Clarity is now a billion-dollar ASX listed company. I believe Ananda is ahead of the curve and assure you of my belief in, and commitment to, its success.

### The Year in Review

The most significant corporate event during the year was the completion of the acquisition of MRX Global Limited ('MRX Global') and its wholly owned subsidiary MRX Medical Limited ('MRX'). MRX has invented a proprietary method to formulate essentially THC-free cannabinoid medicines, the first of which, MRX1, is to be used in a Phase II, double-blind, placebo controlled Randomised Controlled Trial (RCT) to investigate the effectiveness of MRX1 in patients with chemotherapy induced peripheral neuropathy (CIPN) and in a Phase II, double-blind, RCT pilot study investigating the effectiveness of MRX1 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 cannabidiol ('CBD') with no or trace tetrahydrocannabinol (THC).

The clinical trials have received combined commitments of over £1 million in external grant funding and will be carried out by leading investigators in their fields at the University of Edinburgh ('UoE').

The acquisition of MRX Global was completed on 27 March 2023 with the passing of three resolutions at a specially held General Meeting. The Company paid £2,021,520 for 100% of the shares of MRX Global which was settled via the issue of 673,840,000 new ordinary shares at a price of 0.3p per share to the shareholders of MRX Global. At the same time, the Company raised £427,400 to be used as general working capital for the Company to fund its operations. Also, at the time of the acquisition, Professor Clive Page and Jeremy Sturgess-Smith joined the board of Ananda – further information on both Clive and Jeremy can be found on page 16 of this annual report. Certain loan notes held by me (Charles Morgan) were converted into ordinary shares.

In May, we raised a further £550,000 gross proceeds via the restructuring and exercise of outstanding Convertible Loan Notes which were accruing 12.5% interest per annum. Later that month we announced the appointment of SP Angel Corporate Finance LLP ('SP Angel') as the Company's AQSE Corporate Adviser and sole Broker. SP Angel has a dedicated in-house healthcare research team and is a nominated adviser which would be advantageous if the Company were to seek a listing on the AIM Market of the London Stock Exchange. On 6 September 2023, the Company announced it had completed a debt fund raise via the issue of 600,000 £1 Convertible Loan Notes ("CLNs" or "Notes") to two existing shareholders for cash and the capitalisation of £300,000 unsecured debt owed by the Company to me (Charles Morgan). The Notes holds an interest rate of 15%, which accrues for the term of the CLNs, with a conversion price being 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. The CLNs automatically convert upon the earlier of 30 November 2025, the listing of the Company on a different exchange or a change of control.

## Chairman's statement (Continued)

For the year ended 31 January 2024

One of our most significant moves for the long-term future of Ananda was the filing, by MRX, of five separate patent applications across the year. The first four applications, made in May 2023, cover three cannabinoid formulations known as MRX1, MRX2 and MRX3. These formulations have been developed (and will continue to be optimized) as cannabidiol-based medicines for the treatment of a number of complex inflammatory indications which are classified as areas of high unmet need and have poor coverage from existing treatment options. The fourth application, made at the same time, covers a proprietary method for formulating these products. The fifth application was made in November 2023 and covers a new cannabinoid formulation known as MRX2T. This formulation is based on MRX's patent pending MRX2 cannabidiol formulation, with the addition of tetrahydrocannabinol (THC). This formulation has been developed specifically for use in Randomised Controlled Trials ("RCTs"). The filing of these patents is critical to the Group's IP strategy and is pivotal to our work 'widening the moat' to protect our business and will help significantly to secure our market position if our clinical trials are successful and we receive a Marketing Authorisation for any of our drug candidates.

MRX1 and MRX2 were launched as unlicensed Cannabis Based Products for Medicinal use in humans (CBPM's) on 27 July 2023 and since the year end, we have started to receive a small number of prescription orders over the last few months – our first revenue! This will begin to show from our interim accounts onwards.

Also throughout the year we continued to progress the two RCTs taking place in partnership with the University of Edinburgh, through the signing of a Drug Supply Agreement (14 November 2023), which governs the supply of both MRX1 and its matched placebo to the CIPN trial and secures the Group a licence over all arising Intellectual Property ("IP") for internal research and development purposes, as well as an option to licence the arising IP for all commercial purposes. We also announced the confirmation of the non-dilutive funders for the endometriosis trial (15 August 2023) and the appointment of Professor Cherry Wainright and Dr Katie Sloper as advisers to assist the Company in developing its in-house capabilities and pipeline of clinical trials.

During the period, the Company also made the difficult decision to pause operations at DJT Plants Limited ('DJT') as DJT's activities had run ahead of the current UK market demand for cannabis-based medicines and the Company could not justify the expenditure required to construct a Good Manufacturing Practices ('GMP') certified facility without a firm understanding of what the return on that investment will be. DJT did, during 2023, complete its medical cannabis cultivation trials. These trials have demonstrated that the low capital, low operating cost cultivation model delivers premium quality medical cannabis flower and large database of detailed standard operating procedures and protocols has now been developed, which will stand DJT in good stead as and when operations recommence in the future. Furthermore, the genetics programme successfully delivered third generation seeds with at least 87.5 per cent. homogeneity, which was in line with early planning, and which would be critical in ensuring that consistent cannabis plants can be grown batch to batch – an absolute must for producing medicines. DJT created and documented the proprietary breeding protocols.

After the end of the reporting period, on 6 February, Vitalii Ratushnyi joined the Company as an adviser. Vitalii is focusing on data and analytics and assisting in our work identifying potential disease areas where our formulations and IP could be utilised most effectively. We also announced on 28 February that MRX had signed a Drug Supply Agreement (with the same key terms as the last) for the endometriosis trial. On the 21 March 2024, we announced the formation of a Scientific Advisory Board, to provide the Group with expert technical advice and guidance.

Also after the end of the period we announced significant pre-clinical findings in a new indication, Heart Failure with Preserved Ejection Fraction (HFpEF). In the study, conducted by researchers at Robert Gordon University in Aberdeen, it was shown that the administration of MRX1 has significant cardioprotective effects in mice, demonstrating its potential as a treatment for patients with HFpEF. HFpEF is a condition which accounts for 50% of heart failure cases and is an area of unmet need. In the study, MRX1 exhibited multiple traits which indicate an effectiveness in mitigating cardiac fibrosis and improving heart health and we have included the data from the study in MRX1's International Patent Application. These successful outcomes suggest MRX1 could be a valuable therapeutic option for HFpEF and other cardiac conditions and Ananda is currently investigating next steps on how to bring this promising treatment to clinical use. For more details on these post-year end events please see Note 27.

In the period in question, the Group incurred a loss of £6,144,162 (Group 2023: £1,139,640) after tax and an R&D repayment, of which approximately £6,932,066 (Group 2023: £1,301,025) represents operational costs. Net assets of the Group at the year-end were £351,345 (Group 2023: £1,204,609).

The Directors' decision to impair DJT's intangible assets and reflecting that impairment on the investment value of DJT on

## Chairman's statement (Continued)

For the year ended 31 January 2024

Ananda's balance sheet is the significant item behind the increased loss versus 2023, though it is important to note that these losses are all non-cash. If in the future the estimates used to value the intangible assets (excepting the goodwill) change, then the calculation of the value for those assets could change and it may then be appropriate to reverse all or part of the impairment in the future. Similarly, were DJT's operations to be re-started (as is the intent of management) then the Board would look to reverse the majority to all of the impairment losses.

Charles Morgan

**Chairman**

  
Charles Morgan (12/07/2024 15:43 GMT+1)

Date: 12/07/2024

## Case Study

### The Therapeutic Potential of CBD

For the year ended 31 January 2024

As more research into CBD is undertaken, the extent of its potential therapeutic reach expands.

CBD's capacity to influence numerous diseases relates not only to its more than 65 molecular targets and signalling pathways (including the Endocannabinoid System (ECS)), (Figure 1), (Castillo-Arellano et al., 2023; Martinez Naya et al., 2023; Mlost et al., 2020) but also to its demonstrated impact on the body's immune (Nichols & Kaplan, 2020; Peltner et al., 2023) (Figure 2), metabolic (Rodrigues et al., 2023; Wiciński et al., 2023) and central nervous systems (Schouten et al., 2023). CBD has many established therapeutic characteristics including neuroprotective, antiepileptic, anxiolytic, antipsychotic, anti-inflammatory, analgesic, antioxidant and anticancer properties (de Almeida & Devi, 2020; Martinez Naya et al., 2024; Peng et al., 2022).

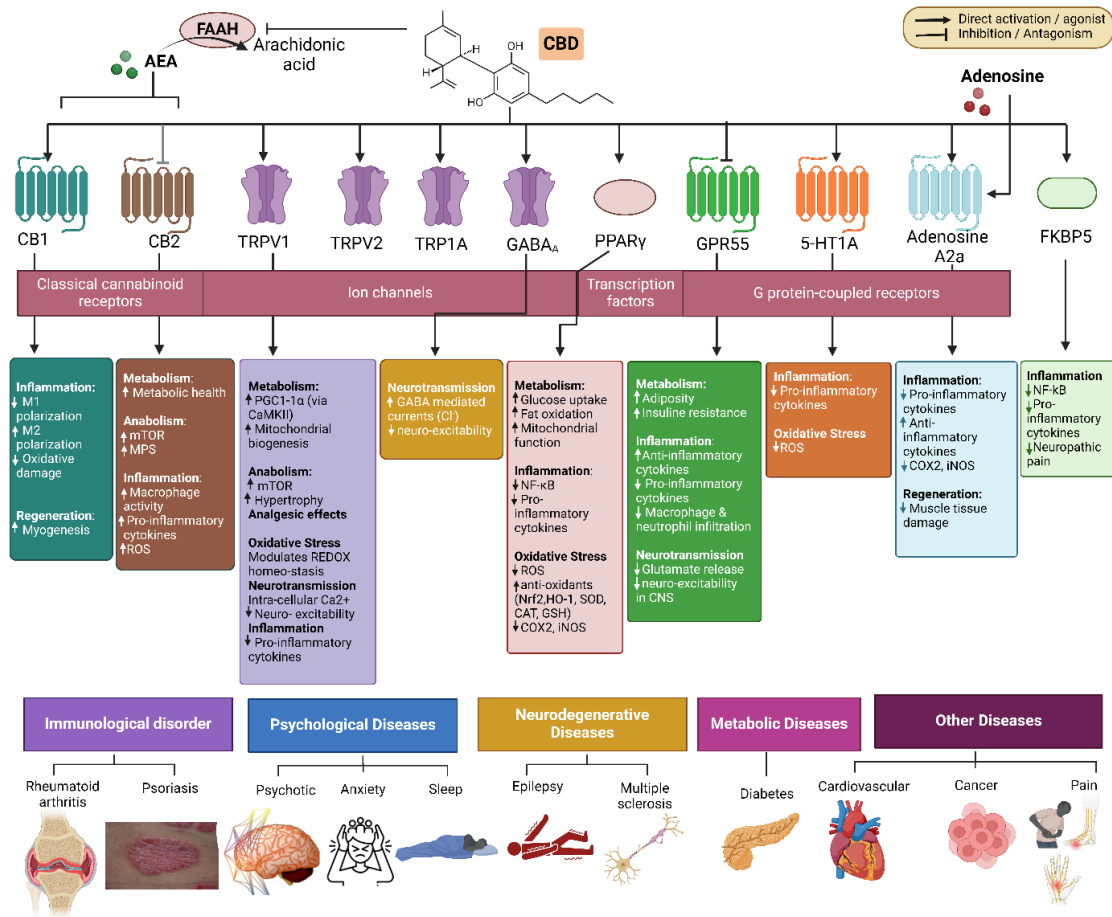


Figure 8 With thanks to Peng et al., 2022, Schouten et al., 2022, Schouten et al., 2023

CBD's action on so many systems within the body might be considered molecular 'promiscuity', suggesting that action on one system might negatively impact another, excluding CBD as a viable treatment. However, CBD's strength appears to lie in its modulatory behaviour which, rather than shutting down pathways within systems, seems to manage them back to homeostasis.

The effects of CBD can be mediated via pathways both dependent or independent of the endogenous endocannabinoid system (ECS) (see box) (Luz-Veiga et al., 2023).

## Case Study (Continued)

The therapeutic Potential of CBD

For the year ended 31 January 2024

CBD exerts its modulatory effects via over 65 target molecules (Di Marzo, 2020; Elsaid & Le Foll, 2020; Mlost et al., 2020) which include more than 11 receptors, more than 20 different families of enzymes/protein complexes, over 8 different ion channels and more than 10 membrane transporters (Di Marzo, 2020; Elsaid & Le Foll, 2020; Luz-Veiga et al., 2023).

The effects of CBD are therefore enacted not only directly and indirectly with the ECS, but through its interactions with a wider range of targets (Mlost et al., 2020). CBD exhibits a broad spectrum of clinical effects including anti-inflammatory, analgesic, antioxidant, anticonvulsant, anxiolytic antipsychotic, antidepressant, sedative and neuroprotective properties ((Aziz et al., 2023; Luz-Veiga et al., 2023; Vitale et al., 2021; Yau et al., 2023).

There is extensive in vitro, in vivo, pre-clinical and anecdotal evidence supporting CBD's diverse therapeutic and modulatory role in a broad range of medical conditions including diseases associated with chronic inflammation (e.g. arthritis), chronic pain, epilepsy, neurodegenerative diseases, mental health disorders, cardiovascular diseases, various substance abuse disorders, cancer, and various co-morbidities including quality of life (QoL). Random controlled trials and other clinical trials in humans have also confirmed CBD's efficacy in a range of diseases (Figure 3) (O'Sullivan et al., 2023; Peng et al., 2022; Sholler et al., 2020) together with its good safety and tolerability profile (Martinez Naya et al., 2024; Souza et al., 2022)

CBD has been shown to be largely safe and well tolerated. It can cause dose-related elevations of liver transaminases and there are certain drug/drug interactions. Please refer to the Epidiolex® brochure: [accessdata.fda.gov/drugsatfda\\_docs/label/2018/210365lbl.pdf](https://accessdata.fda.gov/drugsatfda_docs/label/2018/210365lbl.pdf).

## CBD and Our Indications

### Chronic Pain and Psychological Comorbidities

Chronic Pain and Psychological Comorbidities:

Chronic pain often coexists with comorbidities including psychological health concerns (Aviram et al., 2021; Bell et al., 2023). CBD's analgesic and anti-inflammatory properties can address both the physical and psychological dimensions of chronic pain (Peng et al., 2022; Villanueva et al., 2022). Moreover, it has been found that effective management of chronic pain can improve psychological symptoms and overall quality of life (Aviram et al., 2021; Aziz et al., 2023; Bell et al., 2023; Russo et al., 2016).

**MRX Medical's MRX1 CBD drug is being used in a Phase II randomised double blind crossover trial investigating its pain relieving effects in patients with Chemotherapy induced peripheral neuropathy.**

### Endometriosis

The CBD therapeutic potential in endometriosis is supported by its capacity to modulate the pathophysiology of endometriosis, including inflammation, oxidative stress, (neuro)angiogenesis, apoptosis and pain (Genovese et al., 2022) however, clinical studies are lacking. A retrospective, electronic record-based cohort study of self-reported endometriosis demonstrated ingested cannabis was effective across all reported symptoms – pelvic pain, gastrointestinal issues and mood (Sinclair et al., 2021) but more research into the impact of CBD on endometriosis is required before a definitive statement regarding its therapeutic potential can be made (Liang et al., 2022; Mistry et al., 2022).

**MRX Medical's MRX1 CBD drug is being used in a Phase II Pilot study investigating its effects and patient retention rates in women suffering from endometriosis.**

# Strategic report

For the year ended 31 January 2024

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The Directors present their strategic report with the consolidated audited financial statements of Ananda Developments Plc (the 'Company'), together with the Company's subsidiaries, (the 'Group') for the year ended 31 January 2024.

## **Business Review, Development and Performance**

The Company was admitted to trading on the Aquis Stock Exchange ('AQSE'), formerly NEX Exchange Growth Market on 4 July 2018 as an investment vehicle to invest in the developing market for medical or therapeutic cannabis. Initially, the Company's strategy was focused specifically on companies, projects or products in Israel, Canada and the Netherlands, although this strategy was broadened in September 2018 to permit investment in any jurisdiction which has well established laws in relation to medical cannabis.

On completion of the acquisition of DJT Group Ltd in 2022, the Company has been reclassified as a Healthcare Operating Company with the following strategy:

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

Medical cannabis was legalised in the UK in 2018. There are now almost 20,000 medical cannabis patients in the UK and the number is growing rapidly. Despite this, patient access to medical cannabis is still limited and the majority of medical cannabis products available to UK patients are imported from abroad. It is the belief of the Director's that the best way to increase the availability of cannabinoid medicines is through the provision to the appropriate regulatory bodies of high quality, replicable and traditional pharmaceutical data through the execution of Randomised Clinical Trials.

Ananda is pursuing this strategy via two Phase II studies in partnership with UoE and is pursuing a number of other potential Phase II/III studies in partnership with other research organisations and as a lead sponsor.

## **Promotion of the Company for the benefit of the members as a whole**

The Directors believe they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between members of the Group;
- Maintain a reputation for high standards of business conduct;
- Consider the interest of the Group's employees;
- Foster the Group's relationships with suppliers, customers and others;
- Consider the impact of the Group's operations on the community and the environment.

The Group has sought to act in a way that upholds these principles. The Directors believe that the application of s172 requirements can be demonstrated in relation to some of the key decisions made and actions taken during the year.

## Strategic report (continued)

For the year ended 31 January 2024

Category	How the Directors have engaged	Impact of action
<b>Shareholders and investors</b>	The Directors have communicated regularly with its shareholders and investors via public announcements, the publication of an interim statement, the attendance by key staff members at numerous investor and industry conferences/presentation evenings and the usage of interactive media tools such as InvestorHub and Investor Meet Company.	The Company has continued to receive constructive feedback from shareholders and is building a strong online community of its shareholders.
<b>Suppliers</b>	The Company has focused on developing long-term and mutually beneficial relationships with its suppliers.  This is done through regular and planned update meetings with all stakeholders, feedback sessions and internal reviews of the performance of all suppliers. Furthermore, the Group always endeavours to pay its bills in an efficient manner.	Relationships have been maintained with all suppliers in place at the beginning of the period.
<b>Employees</b>	During the period, five employees were made redundant at DJT Plants, all Directors of both Ananda and DJT Plants took an active role in the decision-making process. Two employee-initiated appeals in line with the DJT Plants employee handbook. The appeals process and procedure was adhered to strictly by all Directors, with the Chairman hearing the appeals. Following the end of the procedure, the Board took the decision not to overturn the redundancy decisions.	During the period, a number of employees have joined Ananda and MRX, the executive team believes that the operational team have a strong working bond and are appreciative of being kept informed of all developments.  Some DJT staff members were also made redundant during the period. The Directors believe that this has been handled in an appropriate and responsible manner.
	Whilst the Company is small, it makes sure that it works closely with its employees and directors, keeping them all closely and regularly informed of all developments at the Company.	
<b>Environment</b>	The Company is engaged in a UK-based operating strategy with only one overseas supplier of raw materials.	The Company's carbon footprint will be far smaller than other comparable companies.

The Company is a quoted operating company, and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions. The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders' funds. When selecting investments, issues such as the impact on the community and the environment have actively been taken into consideration.

The Group's performance and its investments are likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it invests. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect on the Company. Shareholders' attention is drawn to the risk factors set out below or in Part II of the Company's NEX Admission Document dated 21 June 2018 which is available on the Company's website at [www.anandadevelopments.com/publications](http://www.anandadevelopments.com/publications).

## Strategic report (continued)

For the year ended 31 January 2024

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The Group's business involves capital expenditure and ongoing running costs and given the current liquidity position of the Company as at the date of this report the Company will require additional funding to meet its planned work programme. There is no guarantee that such additional funding will be available on acceptable terms at the relevant time.

### **Risks relating to the Company and its Operational Strategy**

#### **Expansion risk**

The Company pursues its operational strategy, as stated on the Company website, subject to the availability of funding. Such a strategy brings with it certain risks and places additional demand on the Company's management, financial and operational resources. If the Company is unable to manage its operational activities effectively, its business, operations or financial condition may deteriorate.

There is a risk that the Group will be unable to produce a product within the guidelines of the various regulatory frameworks the business is required to operate within and therefore generate revenues.

#### **Business strategy of the Group**

The development of clinical products for new medical treatments is inherently uncertain, with high failure rates in clinical studies for both early and late-stage development products and such clinical studies can be expensive, time consuming and complicated and there is no certainty as to the outcome of such studies. Even once clinical studies have been successfully carried out, later phase trials may not successfully replicate or improve on such outcomes.

The Group's level of profit from its operations will be reliant upon the performance of the MRX products, the performance of the operational team and the market for those products. The strategy, in both its current form and as amended from time to time, is not guaranteed to succeed. The success of the strategy depends on the Directors' ability to execute the operational strategy of the Group effectively. No assurance can be given that the strategy to be followed will be successful under all or any market conditions, or that the Group will be able to generate positive returns for Shareholders. If the strategy is not successfully implemented, this may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

#### **Costs of commercialisation**

The ability of the Group to bring its products to first commercial sale will be dependent in part on the overall costs of drug development and manufacturing and the costs involved could be significant and there is no guarantee that the sale prices achievable for its products will be viable and sustainable.

#### **Clinical studies and timelines risk**

The Group, via MRX, is currently progressing its drug candidates through discovery and the clinical trial pathway. Although encouraging results have been achieved so far, from anecdotal evidence and from CBPM patients, there can be no certainty that these results can be reproduced in the clinical trials.

The development of clinical products for new medical treatments is inherently uncertain, with high failure rates in clinical studies for both early- and late-stage development products. Furthermore, such clinical studies (Phase 1, Phase 2a/2b, Phase 3) are typically expensive, complex, can take considerable time to complete and have uncertain outcomes.

Furthermore, as a result of adverse, undesirable, unintended or inconclusive results from any testing or clinical trials, the future progress, planning and potential treatment outcome of the products and clinical programmes may be affected and may potentially prevent or limit the commercial use of one, many or all of the Company's products. In addition, later phase clinical trials may fail to show the desired safety and efficacy obtained in earlier studies, and a successful completion of one stage of clinical development of an investigational clinical product does not ensure that subsequent stages of clinical development will be successful.

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## Strategic report (continued)

For the year ended 31 January 2024

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Failure can occur at any stage of clinical development and, as a result, enforced delays to the clinical development plan could delay or prevent commercialisation of the Company's products. Various factors associated with the potential failure or delay in completing a clinical programme include, but are not limited to:

- Delays in securing clinical investigators or clinical study sites;
- Delays in securing any regulatory authority, hospital ethics committee, or institutional review board approval or approvals necessary to commence a clinical study;
- Delays or failure to recruit a sufficient number of clinical study participants in accordance with the clinical study;
- Difficulty or inability to monitor subjects adequately during or after treatment;
- Inability to replicate in Phase 3 controlled studies any safety and efficacy data obtained from controlled Phase 2a/2b clinical studies;
- Difficulty or inability to secure clinical investigator compliance to follow the approved clinical study protocol; and
- Unexpected adverse events or any other safety or related issues.

### Research and development risk

The Group operates in the biopharmaceutical development sector and participates in the carrying out complex scientific research. If the research conducted by MRX or any of the clinical trials MRX is supplying products to fail, meaning that these candidates will not be licensed or marketed, this would result in a complete absence of revenue from these failed candidates. Positive results from early clinical studies do not guarantee positive results from clinical trials required to permit application for regulatory approval. Furthermore, the Group may discontinue the development of candidates if results are not positive or unlikely to further its progress towards a meaningful outcome or collaboration.

### Intellectual property (IP) infringement

The Group may be subject to future litigation concerning its own IP and the IP of others. Adverse judgements in relation to its IP would likely have negative outcomes for its results of operations.

### Intellectual property (IP) control

The Group is partially reliant on its patent-pending cannabinoid formulations and formulating methodology. There is no guarantee that these patents will be granted.

### Environmental and other regulatory requirements

The event of a breach with any environmental or regulatory requirements may give rise to reputational, financial or other sanctions against the Group, and therefore the Board considers these risks seriously and designs, maintains and reviews its policies and processes to mitigate or avoid these risks. Whilst the Board has a good record of compliance, there is no assurance that the Group's activities will always be compliant. Financing The Group's ability to develop its products through to commercial sales will depend upon the Group's ability to obtain financing primarily through a further raising of new equity/debt capital. Although the Group has been successful in raising new equity capital, there can be no guarantee that it will be able to do so in the future. The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, would raise questions over its ability to further develop its products through to commercialisation. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available.

### Market conditions

Market conditions, including general economic conditions and their effect on exchange rates, interest rates and inflations rates, may impact the ultimate value of the Group regardless of its operating performance. The Group also faces competition

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## Strategic report (continued)

For the year ended 31 January 2024

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from other organisations, some of which may have greater resources or be more established in a particular territory. The Board considers and reviews all market conditions to try and mitigate any risks that may arise from these.

### Political and country risk

Any changes in international trade, tariff and import/export regulations may impose unexpected duty costs or other non-tariff barriers on the Group. The Company is monitoring matters and will seek advice, where necessary, as to how to mitigate the risks arising. The Company has not experienced and does not anticipate that there will be any impact, including on its personnel or supply chain, as a result of the on-going wars in Ukraine and Israel save for a general increase in inflation such as of the cost of energy.

### Cannabis market acceptance and market development

Whilst the outlook for the regulatory and social acceptance of cannabis-based products – whether for the recreational, wellness or medical markets – is positive, there is an ongoing debate in the UK and Europe concerning efficacy and the potential social drawbacks of widespread implementation. There is an increase in the amount of clinical research into the efficacy of medical cannabis which is hoped will broaden its acceptance.

### Scarcity of suitably qualified individuals

The Group's ability to execute its Operational Strategy depends on the successful recruitment and retention of talented and appropriately experienced and knowledgeable management. If the Group does not succeed in attracting suitably qualified management or retaining and motivating them once employed, it may be unable to execute its operational strategy.

### Potential loss on operations

The Group's strategy carries inherent risks and there can be no guarantee that any appreciation in the value of any existing assets and operational units within the Group, or acquisition will occur or that the objectives of the Group will be achieved.

### Research and development and product obsolescence

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products will characterise an investment target's business. The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render an investment target company's product obsolete, less competitive or less marketable.

The process of product development is complex and requires significant continuing costs, development efforts and third-party commitments. A Group company's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of a target company, and therefore have a material adverse effect on the Group's return on investment.

### Product liability

Where MRX is a manufacturer and distributor of CBPMs and is conducting trials of products designed to be ingested by humans, the Group will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve risk of injury to consumers due to tampering by unauthorised third parties or product contamination.

Previously unknown adverse reactions resulting from human consumption of Cannabis derived products along or in combination with other medications or substances could occur. The Group may be subject to various product liability claims, including, among others, that products produced by the Group caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

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## Strategic report (continued)

For the year ended 31 January 2024

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A product liability or regulatory action against the Group could result in increased costs, adversely affect the Group's reputation with its clients and consumers generally, and have a material adverse effect on the business, financial condition and operating results of the Group, and therefore a material adverse effect on the Group's return on investment.

There can be no assurances that MRX will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or otherwise protect against potential product liability claims could prevent or inhibit the commercialisation of products.

### Joint ventures

A Group company may enter into joint ventures. There is a risk that a joint venture partner does not meet its obligations and the company may therefore suffer additional costs or other losses. It is also possible that the interests of the company and those of its joint venture partners are not aligned resulting in project delays or additional costs and losses. The Group may have minority interests in the companies, partnerships and ventures in which it participates and may be unable to exercise control over the operations of such companies.

Risks relating to operating companies whose main activities include cannabis production and research and development thereof.

### The Group's reputation may be damaged

Damage to the Group's reputation can be the result of the actual or perceived occurrence of any number of events, and could include negative publicity, whether true or not. This may arise as a consequence of investing in the production and the research and development of medical cannabis, cannabis being a Class B drug within the UK despite the November 2018 legalisation of medical cannabis in the UK.

The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views with regard to the Group and its activities.

Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations, banking relationships etc. and thereby having a material adverse impact on the financial performance, financial conditions, cash flows and growth prospects of the Group.

### The Group and its shareholders may be at risk of committing offences under POCA 2002

Even with the Group taking all precautions to ensure that it complies fully with all applicable regulations and legislation in relation to Cannabis (both in the UK and in the relevant foreign jurisdiction applicable to a target company), there are no guarantees that the activities of the Group will always be deemed lawful if there are any changes in the applicable law.

The Group will take all precautions possible to ensure that it does not at any time contravene POCA 2002. Contravention of POCA 2002 carries potential criminal liability.

The Group, or the medical cannabis industry more generally, may receive unfavourable publicity or become subject to negative consumer perception

The Group believes that the medical cannabis industry is highly dependent upon consumer perception regarding the medical benefits, safety, efficacy and quality of the cannabis distributed for medical purposes to such consumers. Consumer perception of a target company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) regarding the consumption of cannabis products for medical purposes, including unexpected safety or efficacy concerns

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## Strategic report (continued)

For the year ended 31 January 2024

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arising with respect to the products of a target company or its competitors.

There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for a target company's products and the business, results of operations and financial condition of a target company and therefore materially adversely affect the Company's return on investment.

Furthermore, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis for medical purposes in general, or a target company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

### **Risks relating to regulatory matters**

#### **Laws, regulations and guidelines may change in ways that the Group has not predicted**

The laws, regulations and guidelines applicable to the medical cannabis industry may change in ways currently unforeseen by the Group.

The Group's ability to invest into approved and properly licensed companies lawfully producing and/or conducting research into Cannabis are subject to laws, regulations and guidelines of the United Kingdom as well as the jurisdictions in which it is invested. If there are any changes to such laws, regulations or guidelines occur, which are matters beyond the Group's control, the Group may incur significant costs in complying with or is unable to comply with such changes. This may have a material adverse effect on the Group's business, financial condition and results.

#### **Regulatory Compliance Risks and maintaining a bank account**

Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition, and, therefore, on the Company's prospective returns.

As a result of perceived reputational risk and regulatory risks, the Group, in the medical cannabis sector, may in the future have difficulty in maintaining its current bank accounts, establishing further bank accounts, or other business relationships.

### **Risks relating to the Ordinary Shares**

#### **Further issues of Ordinary Shares**

It may be desirable for the Group to raise additional capital by way of further issues of Ordinary Shares to enable the Company to progress through further stages of development. Any additional equity financing may be dilutive to Shareholders. There can be no assurance that such funding, if required, will be available to the Group.

#### **Acceptability of Ordinary Shares as consideration**

Although it is the Group's intention, where appropriate, to use Ordinary Shares to satisfy all or part of any consideration payable for investments, vendors may not be prepared to accept these shares.

#### **Secondary fundraisings**

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## Strategic report (continued)

For the year ended 31 January 2024

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There can be no guarantee that the Company will be successful in future rounds of fundraising. Such failure to secure further financing may result in the Group being unable to continue some or all of its operations.

### **Risks relating to financial matters**

#### **Borrowings**

The Group may, from time to time, be required to raise capital (whether through the issue of debt or equity) to make investments. There is no guarantee that the Group will be able to obtain financing on appropriate terms and conditions or at all. The companies in which the Group invests may also have borrowings or otherwise be geared or leveraged. Although such facilities may increase investment returns, they also create greater potential for loss. This includes the risk that the borrower will be unable to service the interest repayments, or comply with other requirements, rendering the debt repayable, and the risk that available capital will be insufficient to meet any such required repayments.

There is also the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowings. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions, which are beyond the Group's control) may make it difficult for the Group to obtain new financing on attractive terms or even at all. An inability to obtain such facilities may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group. The Directors have also received a letter of support confirming that the Director's loans of £1,486,732 will not become payable for at least 12 months from the date of approval of these financial statements unless sufficient cash funds are available.

#### **Tax risks**

The Group may purchase investments that will subject the Group to withholding taxes in various jurisdictions. In the event that withholding taxes are imposed with respect to any of the Group's investments, the effect will generally be to reduce the income received by the Group on such investments. Such withholding taxes may be imposed on income, gains, issue of securities or supporting documents, including the contracts governing the terms of any financial instrument and such taxes may be confiscatory in nature. The Company shall be making investments in jurisdictions where the tax regime is not fully developed or is not certain.

There can be no certainty that the current taxation regime in England and Wales or in other jurisdictions within which the Group may operate will remain in force or that the current levels of corporation taxation will remain unchanged. Any change in the tax status or tax legislation may have a material adverse effect on the financial position of the Company.

#### **The Group's income may be reduced by exchange controls**

The Group may purchase investments that will subject the Group to exchange controls in various jurisdictions. In the event that exchange controls are imposed with respect to any of the Group's investments, the effect will generally be to reduce the income received by the Group on such investments.

#### **Currency and foreign exchange risks**

The Group's business will be carried out in currencies other than sterling. To the extent that there are fluctuations in exchange rates, this may have an impact on the figures consolidated in the Group's accounts, which could have a material impact on the Group's financial position or result of operations, as shown in the Group's accounts going forward.

The Group does not currently undertake foreign currency hedging transactions to mitigate potential foreign currency exposure but may do so in future. The Board cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on the business, operating results or financial condition of the Group.

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## Strategic report (continued)

For the year ended 31 January 2024

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### **Risks Relating to trading on the AQSE Growth Market**

#### **Investment in unlisted securities**

Investment in shares traded on the AQSE Growth Market is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List or AIM. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

#### **Share price volatility and liquidity**

The share price of early-stage public companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are traded and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

#### **Market risks**

Notwithstanding the fact that the Ordinary Shares are traded on the AQSE Growth Market, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. Continued admission to the AQSE Growth Market is entirely at the discretion of Aquis Stock Exchange.

Any changes to the regulatory environment, in particular the AQSE Growth Market - Rules for Issuers, could, for example, affect the ability of the Company to maintain a trading facility on the AQSE Growth Market.

#### **Key Performance Indicators**

In order for Ananda to create long-term value for shareholders it is required to remain adequately capitalised and resourced with suitably qualified and able executives and advisors. In addition, it is required to remain up to date with the changes in the legal and regulatory operating environment. Growth will come from carefully selecting appropriate investments which can deliver capital growth and/or potential dividends for shareholders in the future. The Company's long-term performance will be measured by its share price and its ability to execute on its strategy of achieving licenced medicines across a number of chronic indications, in the UK market primarily.

The Group's KPIs are as follows:

#### **Long term return on investment**

The Group assesses its investments in the cannabis sector in the context of a market that is growing fast, is in a state of legal and scientific flux and that its investments are all start-ups. In this high-risk environment the Group must see the potential for a return of a multiple of its investment.

#### **Capital adequacy**

The Group must maintain enough capital to cover its overheads and make and develop its investments.

The Group has managed to achieve this to this date but must continue to raise capital to maintain this progress until such time as it is able to exit investments or cashflow from them enables it to maintain its capital adequacy position.

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## Strategic report (continued)

For the year ended 31 January 2024

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### Share Price

The Group assesses its success in terms of how the market rates it and this is, in the main, the share price. As an operating company the Group is at the whim of market forces and its ability to maintain capital adequacy is also related to the share price due to the cost of capital.

### On behalf of the board

Melissa Sturgess  
Director



Melissa Sturgess (Jul 12, 2024 16:02 GMT+1)

**Date:** 12/07/2024

## Directors' report

For the year ended 31 January 2024

The Directors present their report and the consolidated audited financial statements of the Group for the year ended 31 January 2024.

### Results and dividends

The results for the year are set out on page 28, and shows the loss for the year. The Group is in an early stage of development and the Directors consider the loss for the year to be satisfactory. The Directors do not recommend the payment of a dividend (2023: nil).

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Charles Morgan	
Clive Page	(Appointed 27 March 2023)
Stuart Piccaver	
Inbar Pomeranchik	
Melissa Sturgess	
John Treacy	
Jeremy Sturgess-Smith	(Appointed 27 March 2023)

### Appointment, Re-election and Replacement of Directors

All the current directors are considered to provide a diverse range of appropriate skills and experience. The Group provides, or will provide, adequate support and training to ensure that the Directors remain appropriately skilled and able to fulfil their duties to the required standard and regularly assesses the board composition and will look to recruit in further skillsets as and when that may be required.

The Non-Executive Directors have experience of early-stage healthcare and micro-cap, listed companies.

### Directors' insurance

The Group does not currently have directors' and officers' liability insurance. Whilst the Company remains reliant on loan funds, the Company has kept suppliers and outgoings to a minimum.

### Directors' interests

The following Directors had interests, via options and/or warrants in the shares of the Company at the end of the year:

	<b>Total no. ordinary shares 0.2p</b>
Charles Morgan	445,862,778
Melissa Sturgess	9,282,778
Jeremy Sturgess Smith	10,451,389
Inbar Pomeranchik	4,641,389

On 31 January 2024 there were 447,035,389 share options and warrants issued to the Directors (2023: 347,037,737), see Note 20.

Following the end of the period, the options of both Jeremy Sturgess-Smith and Inbar Pomeranchik stated in the above table, expired.

## Directors' report (continued)

For the year ended 31 January 2024

### Procedures for the Issue of Shares to Directors

Any and all issuances of ordinary shares to Directors of the Company during the year were completed following completion of the below procedure:

1. The proposed issue of shares is tabled at the first available and appropriate board meeting
2. The reasons for the issue are discussed during the Meeting
3. The Company Secretary and Jeremy Sturgess-Smith are asked to confirm that the relevant authorities are available to issue the shares
4. The Directors of the Company who are independent of the issue having exercised reasonable care, skill and diligence, consider that their subscription is fair and reasonable as far as the shareholders of Ananda are concerned
5. A resolution was voted upon at the Board meeting
6. The shares were issued and the Company's various advisors informed in order to proceed with any regulatory work required to complete the issuance.

### Substantial shareholdings

As far as the Directors are aware, as at the date of signing these financial statements, the following shareholders are company Directors or interested in 3% or more of issued share capital of the Company.

As at 31 January 2024, the total number of issued Ordinary Shares with voting rights in the Company was 2,873,847,451.

Shareholder	No. of ordinary shares of 0.02p	% of Issued Share Capital
Charles Morgan	1,115,665,229	38.76
Melissa Sturgess	417,001,785	14.49
Anglia Salads Limited	350,000,000	12.16
Jeremy Sturgess-Smith	106,900,010	3.71
Clive Page	33,333,333	1.16
Inbar Pomeranchik	26,666,667	0.93

Stuart Piccaver, a Director of the Company, is also a Director and shareholder of Anglia Salads Limited.

### Directors' Remuneration

The total remuneration of the Directors for the year was as follows:

	Total 2024 £'000	Total 2023 £'000
Melissa Sturgess	134	187
Charles Morgan	132	187
John Treacy	7	7
Inbar Pomeranchik	4	6
Stuart Piccaver	4	1
Clive Page	30	-
Jeremy Sturgess-Smith	58	-
<b>Total</b>	<b>369</b>	<b>388</b>

Of the £134,000 and £132,000 directors' remuneration for each of Melissa Sturgess and Charles Morgan respectively, a total of £215,000 of this remains unpaid and accrued during the financial year.

## Directors' report (continued)

For the year ended 31 January 2024

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### Remuneration policy

The terms of reference for the Remuneration Committee include:

- Setting the remuneration policy for all executive directors
- Recommending and monitoring the level and structure of remuneration for all senior management
- Approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes
- Review the design of all share incentive plans for approval by the Board and shareholders.

The Remuneration Committee has extensive discretionary powers to set new remuneration arrangements that are commensurate with the business, from time to time. The Remuneration Committee would expect to change salary levels of the existing Directors, set salaries and compensation and introduce benefits, pension, annual bonus and long term incentive arrangements which are competitive and in line with market practice and governance guidelines and which would be designed to align the interests of shareholder growth and director compensation, salaries and fees of the directors were set on their admission to the Board of the Company and have not been changed since then. The Committee, which will meet for the first time later this year comprises John Treacy as Chair and Clive Page.

Within this financial year, Melissa and Charles elected from time to time to accrue their fees to exercise or convert certain options and warrants they held over ordinary shares of the Company and the Directors as a whole agreed to forgo payment of their Directors fees for the same reason, bar John Treacy who accrued his fees for a period of 6 months (which includes February and March 2024).

### Engagement with others

The Group continues to foster growth in its relationships with the Group's partners. All suppliers and employees are kept in contact and updated by the Company with the progress they are making with regular telephone calls and catch-ups. The Group recognises the need to ensure excellence in engagement with suppliers and employees.

### Financial instruments

The Company's operations expose it to a variety of financial risks that include the effect of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company by monitoring levels of debt finance and related finance costs.

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in US dollars (USD). Consequently, the Company is exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in manner that has an adverse effect on the fair value of the future cashflows of the Company's financial assets denominated in currencies other than the GBP.

### Future developments

The Directors of the Company are focused on maximising the potential of its subsidiaries acquired before, during and after the period end. The Directors believe that the acquisitions made to date will bring long term value to shareholders.

### Going Concern

For the year ended 31 January 2024, the Group recorded a loss after tax of £6,144,162 and had net cash outflows, from operating activities of £721,698. Upon review of the cashflow forecast prepared through to 31 January 2026, 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.

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## Directors' report (continued)

For the year ended 31 January 2024

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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 Directors are confident that they will be able to raise additional fund 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.

### Statement of disclosure to auditor

We, the Directors of the Company who held office at the date of approval of these financial statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information; and
- the Group is under the required the threshold for climate financial reporting.

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

behalf of the board

**Melissa Sturgess**

Director



Melissa Sturgess (Jul 12, 2024 16:02 GMT+1)

Date: 12/07/2024

## Directors' responsibilities statement

For the year ended 31 January 2024

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## Independent auditor's report (continued)

To the members of Ananda Developments plc

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### Opinion

We have audited the financial statements of Ananda Developments Plc ('the parent company') and its subsidiaries ('the group') for the year ended 31 January 2024 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Standards, including FRS 102 the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2024 and of the group's loss for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to note 1.4 in the financial statements, which indicates that further funding will be required within the 12 months following the date of approval of the financial statements to meet working capital needs. This is due to the uncertainty associated with the group's reliance on generating funds from the market and from director's loans. As stated in note 1.4, these events or conditions, along with the other matters as set forth in note 1.4, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and of the parent company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing cashflow forecasts for the period to January 2026 and challenging management on the key operating assumptions based on the 2024 actual results;
  - Reviewing all the key inputs into the cash flow forecast to ensure they are appropriate, and no evidence of management bias exists;
  - Testing the integrity of the forecast model by checking the accuracy and completeness of the model, including challenging the appropriateness of estimates and assumptions;
    - Assessing the levels of cash available to the group post year-end and how the available cash will be sufficient to cover expected outgoing costs and other cash commitments over the cash flow forecast period;
  - Reviewing the company and group's management accounts to assess if material matters have been
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## Independent auditor's report (continued)

### To the members of Ananda Developments plc

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reflected in the underlying assumptions to the forecasts;

- Comparing budgets to actual figures achieved to assess the reliability of management's forecasts;
- Evaluating management's sensitivity analysis and performing our own sensitivity analysis in respect of the key assumptions underpinning the forecasts; and
- Reviewing of post-period end RNS announcements and the holding of discussions with management in respect of their future plans to ensure these were appropriately considered within the cash flow forecasts.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Our application of materiality**

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed, or influenced. We also determine the level of performance materiality which we use to assess the extent of testing needed to reduce an appropriately low level the probability that the aggregate of uncorrected misstatements exceeds materiality for the financial statements as a whole.

Materiality for the group was set based on an initial consolidated position before audit adjustments, at £157,000 (2023: £42,000). This was calculated based on 3.5% of net assets at yearend. Using our professional judgement, we have determined this to be the principal benchmark within the financial statements as it will be most relevant to stakeholders in assessing the financial performance of the group which is in its early years of development.

We also determined a level of group performance materiality which we use to assess the extent of testing needed to reduce to an appropriate low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance Materiality for the group was set at £109,900 (2023: £29,000) being 70% (2023: 70%) of materiality for the financial statements as a whole. A benchmark of 70% for performance materiality was applied to provide sufficient coverage of significant and residual risks in the financial statements.

We agreed to report to the audit committee all corrected and uncorrected misstatements we identified through the audit with a value in excess of £7,850 (2023: £2,100).

Materiality for the parent company was set at £133,000 (2023: £40,000) with a performance materiality at £93,100 (2023: £28,000). The benchmark and rationale used is the same with the group being 3.5% of net assets as yearend, capped at 85% of group materiality, and 70% for performance materiality was applied (2023: 70%).

We agreed to report to the audit committee all corrected and uncorrected misstatements we identified through the audit with a value in excess of £7,450 (2023: £2,000).

#### **Our approach to the audit**

Our audit was tailored in such a way as to perform sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and of the company, the accounting processes and controls, and the industry in which they operate.

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. We looked at the areas Directors make subjective judgements, for example in respect of significant accounting estimates which involve making assumptions and considering future events, this process being inherently uncertain.

The group consists of the parent company and its subsidiaries which are all based in the United Kingdom. Materiality and the risks of material misstatement were assessed at subsidiary level for our audit procedures on the subsidiaries.

We performed an assessment of those components which were significant to the Group, determined to be those which financially contributed more than 15% of the total net asset balance of the Group. Two components were determined to be

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## Independent auditor's report (continued)

### To the members of Ananda Developments plc

significant to the audit, on which full scope procedures were performed. The remaining subsidiaries were tested to a percentage of Group materiality either through specified procedures, or analytical procedures as determined sufficient by the audit team for the purposes of the Group audit.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

#### Key audit matter

##### Carrying value and assessment of impairment of investments (Parent only – Note 11)

The carrying value of the investment is the most significant asset on the Statement of Financial Position at the year-end.

There is a risk that the carrying value of the investment is not recoverable and an impairment charge is required.

#### How our scope addressed this matter

Our work on this area included, but was not restricted to the following procedures:

- Ensuring the parent company has full title to the investments held;
- Assessing whether any of the FRS 102 section 27 impairment indicators existed on any of the investments held at year end;
- Reviewing the directors' assessment of the carrying value as at the yearend and their conclusions thereof, including challenging assumptions used and the ongoing trade in relation to the DJT business; and
- Ensuring disclosures related to the carrying value of investments and associated impairments are consistent with the requirements of the Financial Reporting Standard 102, including significant estimates and judgements outlined.

##### Purchase Price Allocation from the acquisition of the MRX Group (Parent – Notes 12 and 25)

On 27 March 2023 (Completion date), the parent company acquired 100% shares in MRX Global Limited. MRX Group is now a wholly owned subsidiary of the parent company. The acquisition was settled through the issue of 673,840,000 ordinary shares by the parent company, whereby there is a risk that the purchase price is not allocated appropriately to the acquired assets & liabilities of the MRX Group. As a result, the goodwill and other identified intangible assets could be materially misstated.

Our work on this area included, but was not restricted to the following procedures:

- Reviewing the share purchase agreement, contract notes, minutes of meetings, etc for the acquisition of the MRX Group;
- Reviewing management's expert assumptions around the purchase price allocation and whether the goodwill has been correctly valued at year end;
- Ensuring that the valuation of the acquisition is in accordance with the applicable financial reporting framework (e.g., quoted price / recent transaction for identical asset / valuation technique);

## Independent auditor's report (continued)

To the members of Ananda Developments plc

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### **Carrying value and assessment of impairment of intangible assets in DJT Group Limited (Group)**

During the period the directors took the decision to pause operations of the DJT business, due to constraints on demand in the UK market for cannabis- based medicines.

A material amount of assets (both tangible and intangible) on the balance sheet are attributable to the DJT business and are not being used. There therefore exists an impairment indicator per FRS 102 section 27, meaning the assets in the Statement of Financial Position are potentially overstated.

- Ensuring the accuracy of the replacement costs analysis used to calculate the value of unpatented formulations recognised in the Statement of Financial Position;
- Assessing whether the allocation of the purchase price to assets & liabilities is in line with FRS 102 section 19;
- Ensuring that tax on the acquisition has been correctly accounted for considering the increase in intangible assets;
- Ensuring disclosures in relation to the acquisition are in compliance with the requirements of FRS 102 section 19; and
- Engaging PKF's valuation team to perform procedures to challenge managements expert.

Our work on this area included, but was not restricted to the following procedures:

- Identifying the indicators of impairment in line with the requirements of FRS 102 section 27 at the period end;
- Reviewing, testing and challenging management's impairment review assessment and accompanying assumptions paper;
- Considering the following factors in relation to managements impairment assessment:
  - the method used,
  - the appropriateness of assumptions used in the assessment,
  - the completeness of the information used in the calculation,
  - arithmetical accuracy of the calculations; and
  - treatment of impairment losses.
- Ensuring deferred taxes on impairment losses incurred were accurately accounted for; and
- Ensuring the disclosures related to the carrying value of assets and associated impairments is consistent with the requirements of the Financial Reporting Standard 102.

## Independent auditor's report (continued)

To the members of Ananda Developments plc

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### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

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## Independent auditor's report (continued)

### To the members of Ananda Developments plc

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assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with

ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of cumulative audit knowledge and industry research.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from AQUIS listing rules, the Companies Act 2006, United Kingdom Generally Accepted Accounting Standards (UK GAAP / Financial Reporting Standard 102), the Bribery Act 2010, Anti Money Laundering Regulations and local laws.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and / or the parent company with those laws and regulations. These procedures included, but were not limited to:
  - Enquiries of Management throughout the audit process;
  - Review of board minutes;
  - Review of RNS publications and other media sources; and
  - Review of legal expenses incurred in the period.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias existed in relation to the carrying value of intangible assets and the carrying value of investments. We addressed this by challenging the assumptions and judgements made by management when auditing these significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of the business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Independent auditor's report (continued)

To the members of Ananda Developments plc

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### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*M Ling*

M Ling (Jul 12, 2024 18:11 GMT+1)

**Mark Ling (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

**15 Westferry Circus**  
**Canary Wharf**  
**London E14 4HD**

**Date** 12/07/2024

## Group statement of comprehensive income

For the year ended 31 January 2024

		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Administrative expenses	<b>3</b>	(1,729,317)	(880,758)
Depreciation and other amounts written off tangible and intangible fixed assets	<b>3</b>	(5,063,971)	(172,284)
Interest receivable		27	-
Interest payable	<b>7</b>	(138,806)	(247,983)
<b>Operating loss</b>	<b>3</b>	<u>(6,932,067)</u>	<u>(1,301,025)</u>
<b>Loss before taxation</b>		<u>(6,932,067)</u>	<u>(1,301,025)</u>
Tax on loss	<b>8</b>	781,280	-
<b>Loss after taxation</b>		<u>(6,150,787)</u>	<u>(1,301,025)</u>
<b>Other comprehensive income</b>			
R&D repayment	<b>22</b>	6,624	161,385
<b>Total comprehensive loss for the year</b>		<u><u>(6,144,163)</u></u>	<u><u>(1,139,640)</u></u>

Total comprehensive income for the year is all attributable to the owners of the Parent Company.

### Earnings per share

Basic and diluted earnings per share (pence)	<b>23</b>	(0.23p)	(0.13p)
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Group operations are classified as continuing.

The notes on pages 37 to 60 form part of these financial statements.

## Group and company statements of financial position

As at 31 January 2024

	Notes	Group 2024 £	2023 £	Company 2024 £	2023 £
<b>Non-current assets</b>					
Goodwill	9	1,677,095	1,266,376	-	-
Other intangible assets	9	197,744	3,204,000	-	-
		<u>1,874,839</u>	<u>4,470,376</u>	<u>-</u>	<u>-</u>
Total intangible assets		1,874,839	4,470,376	-	-
Property, plant and equipment	10	1,566,303	1,762,468	-	-
Investments	11	-	-	3,789,253	6,966,290
		<u>3,441,142</u>	<u>6,232,844</u>	<u>3,789,253</u>	<u>6,966,290</u>
<b>Current assets</b>					
Assets under construction	13	-	47,080	-	-
Trade and other receivables	14	77,380	210,144	345,224	124,685
Cash and cash equivalents		84,431	18,837	-	-
		<u>161,811</u>	<u>276,061</u>	<u>345,224</u>	<u>124,685</u>
<b>Current liabilities</b>					
Trade and other payables	15	(2,565,666)	(1,586,484)	(2,194,768)	(1,481,775)
Convertible loan notes	16	(636,507)	(2,924,812)	(636,507)	(2,924,812)
		<u>(3,202,173)</u>	<u>(4,511,296)</u>	<u>(2,831,275)</u>	<u>(4,406,587)</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	18	(49,436)	(793,000)	-	-
		<u>351,344</u>	<u>1,204,609</u>	<u>1,303,202</u>	<u>2,684,388</u>
<b>Net assets</b>					
<b>Equity</b>					
Called up share capital	21	5,756,057	2,341,110	5,756,057	2,341,110
Share premium account	24	5,328,996	3,468,944	5,328,996	3,468,944
Share options reserve	24	48,398	32,499	48,398	32,499
Retained deficit	24	(10,782,107)	(4,637,944)	(9,830,249)	(3,158,165)
		<u>351,344</u>	<u>1,204,609</u>	<u>1,303,202</u>	<u>2,684,388</u>
<b>Total equity</b>		<u>351,344</u>	<u>1,204,609</u>	<u>1,303,202</u>	<u>2,684,388</u>

## Group and company statements of financial position (continued)

As at 31 January 2024


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As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's loss for the year was £6,672,084 (2023 - £954,015 loss).

The financial statements were approved by the board of directors and authorised for issue on 12/07/2024 and are signed on its behalf by:

Melissa Sturgess

**Director**

  
Melissa Sturgess (Jul 12, 2024 16:02 GMT+1)

**Company Registration No. 11159584**

The notes on pages 35 to 57 form part of these financial statements.

## Group statement of changes in equity

For the year ended 31 January 2024

	Notes	Share capital £	Share premium account £	Share options reserve £	Retained deficit £	Total £
<b>Balance at 1 February 2022</b>		1,597,031	876,347	18,788	(3,498,304)	(1,006,138)
<b>Year ended 31 January 2023:</b>						
Loss and total comprehensive income		-	-	-	(1,139,640)	(1,139,640)
Issue of share capital	21	744,079	2,592,597	-	-	3,336,676
Issue of share options		-	-	13,711	-	13,711
<b>Balance at 31 January 2023</b>		2,341,110	3,468,944	32,499	(4,637,944)	1,204,609
<b>Year ended 31 January 2024:</b>						
Loss and total comprehensive income		-	-	-	(6,144,163)	(6,144,163)
Issue of share capital	21	3,414,947	1,860,052	-	-	5,274,999
Issue of share options		-	-	15,899	-	15,899
<b>Balance at 31 January 2024</b>		5,756,057	5,328,996	48,398	(10,782,107)	351,344

The notes on pages 35 to 57 form part of these financial statements.

## Company statement of changes in equity

For the year ended 31 January 2024

	Notes	Share capital £	Share premium account £	Share options reserve £	Retained deficit £	Total £
<b>Balance at 1 February 2022</b>		1,597,031	876,347	18,788	(2,204,150)	288,016
<b>Year ended 31 January 2023:</b>						
Loss and total comprehensive income for the year		-	-	-	(954,015)	(954,015)
Issue of share capital	21	744,079	2,592,597	-	-	3,336,676
Issue of share options		-	-	13,711	-	13,711
<b>Balance at 31 January 2023</b>		2,341,110	3,468,944	32,499	(3,158,165)	2,684,388
<b>Year ended 31 January 2024:</b>						
Profit and total comprehensive income		-	-	-	(6,672,084)	(6,672,084)
Issue of share capital	21	3,414,947	1,860,052	-	-	5,274,999
Issue of share options		-	-	15,899	-	15,899
<b>Balance at 31 January 2024</b>		5,756,057	5,328,996	48,398	(9,830,249)	1,303,202

The notes on pages 35 to 57 form part of these financial statements.

## Group statement of cash flows

For the year ended 31 January 2024

	Notes	2024 £	£	2023 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	30		(721,698)		(457,354)
<b>Investing activities</b>					
Cash on acquisition		24,015		29,653	
Purchase of property, plant and equipment		(2,962)		-	
Purchase of investments		-		(1,476,597)	
Interest received		27		-	
<b>Net cash generated from/(used in) investing activities</b>			21,080		(1,446,944)
<b>Financing activities</b>					
Proceeds from issue of shares		466,212		74,290	
Proceeds from borrowings		300,000		1,888,845	
Repayment of borrowings		-		(40,000)	
<b>Net cash generated from financing activities</b>			766,212		1,923,135
<b>Net increase in cash and cash equivalents</b>			65,594		18,837
Cash and cash equivalents at beginning of year			18,837		-
<b>Cash and cash equivalents at end of year</b>			84,431		18,837

The notes on pages 35 to 57 form part of these financial statements.

The Company itself does not hold a bank account. All receipts and payments have been undertaken by a subsidiary. No cash flow statement was required in prior periods.

# Notes to the group financial statements

For the year ended 31 January 2024

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## 1 Accounting policies

### Company information

Ananda Developments Plc is a Company limited by shares incorporated in England and Wales under the Companies Act 2006 and is quoted on the Aquis Stock Exchange, formerly NEX Growth Market. Its registered office is at 60 Gracechurch Street, London, EC3V 0HR. The Company is the Parent Company of DJT Group Ltd, MRX Global Ltd and Tiamat Agriculture Limited, DJT Group Ltd is the sole Parent Company of DJT Plants Limited and MRX Global Ltd is the sole Parent Company of MRX Medical Ltd.

The Group and Company financial statements are presented in sterling and rounded to the nearest pound.

The financial information includes the results of the Company and its subsidiaries (together referred to as the “Group” and individually as “the Company”).

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

These consolidated and separate financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

### 1.2 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the income statement as incurred. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the consolidated income statement. Contingent consideration that in the consolidated financial statements is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

### 1.3 Basis of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control exists when then the Group has:

- the power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor’s returns.

All intra-Group transactions balances income and expenses are eliminated on consolidation. Uniform accounting policies are applied by the Group to ensure consistency.

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## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 1 Accounting policies

(Continued)

#### 1.4 Going concern

The Board has reviewed the Company's cash flow forecast for the period to January 2026. The forecasts show that the Company will require further funding to meet operational commitments and overheads. In the Directors' opinion further equity funding, loans and/or a reduction or deferment of overheads (including Directors' remuneration) will be required. The Directors have also received a letter of support confirming that the Director's loans of £1,486,732 will not become payable for at least 12 months from the date of approval of these financial statements unless sufficient cash funds are available. The Directors believe that the required funding and financial support will be forthcoming, if required, although this is not guaranteed.

The Directors believe it is appropriate to prepare the financial statements on a going concern basis as the Company will have sufficient funds to finance its operations for the next 12 months from the approval of these financial statements.

#### 1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.6 Intangible fixed assets - goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable assets are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash generating unit ("CGU") that is expected to benefit from the synergies of the combination. CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Any impairment loss is recognised directly in the income statement.

Goodwill is amortised on a straight-line basis over 3-5 years.

#### 1.7 Intangible fixed assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired on business combinations are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition.

Intangible assets are amortised on a straight-line basis over their useful lives. The useful lives of intangible assets are as follows

Licence	7 years
Trade secrets	7 years
Unpatented formulations	10 years

Intangible assets are assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

#### 1.8 Property, plant and equipment

Tangible assets are stated at purchase price less accumulated depreciation and impairment losses. The cost includes all expenses directly related to the purchase of a relevant asset. All other repair and maintenance costs are charged to the income statement for the period during the reporting period in which they are incurred.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 1 Accounting policies

(Continued)

Depreciation on tangible assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Fixed Plant	5-10 years
Small plant & other	5 years
IT & Office Equipment	5 Years
Irrigation	20 years
Reservoir	20 years
Multi-Chapelle	20 years

#### 1.9 Non-current investments

Where the fair value of an equity investment cannot be estimated reliably, such as investments in unquoted companies, fair value is based on cost less any impairment charges. In this case impairment charges are recognised in profit or loss. The Company assesses at each period end date whether there is any objective evidence that a financial asset or group of financial assets has been impaired.

#### 1.10 Impairment of non-current assets

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its physical life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

At the end of each reporting period management assesses whether the indicators of impairment of fixed assets exists.

The carrying amounts of fixed assets and all other non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. For the purpose of impairment testing the recoverable amount is measured by reference to the higher of value in use (being the net present value of expected future cashflows of a relevant cash generating unit) and fair value less costs to sell (the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties who are independent from each other less the costs of disposal).

Where there is no binding sale agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the Group would receive for the cash generating unit.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the income statement so as to reduce the carrying amount in the statement of financial position to its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in profit or loss for the period and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years.

#### 1.11 Inventories

Inventories include assets under construction and are stated at the lower of cost and replacement cost. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

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### 1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.12 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost and comprise cash in hand, cash at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities on the consolidated statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents also includes any bank overdrafts, of which there are none.

#### 1.13 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

##### **Convertible loan notes**

Convertible loan notes are recognised initially at the transaction price excluding transaction costs. Subsequently, they are measured at fair value through profit or loss. There is no reliable measure of the fair value of the convertible loan note and as such it is being held at initial cost less any impairment.

#### 1.14 Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

Current tax is calculated using rates and laws enacted or substantively enacted at the reporting date. Current tax is recognised in profit or loss unless it relates to an item of other comprehensive income or equity whereby it is recognised in other comprehensive income or equity respectively.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

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### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred income tax is calculated using rates and laws enacted or substantively enacted at the reporting date that are expected to apply on reversal of the related temporary difference, and is determined in accordance with the expected manner of recovery of the related asset.

Deferred income tax is recognised in profit or loss unless it relates to an item of other comprehensive income or equity whereby it is recognised in other comprehensive income or equity respectively.

#### 1.16 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday and defined contribution pension plans.

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.18 Share-based payments

The Group and Company provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

The Group and Company have no cash-settled arrangements.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

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### 1 Accounting policies

(Continued)

#### 1.19 Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets are assessed for impairment at each reporting date.

Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

#### 1.20 Foreign exchange

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the statement of financial position date are translated using the year end rate.

#### 1.21 Share option reserve

The Company has made share-based payment awards to certain Directors, employees and professional service providers by way of issue of share options measured at fair value of the award on the grant date. This is further discussed at Note 21.

The fair value of these payments is recognised by the Company over the vesting period based on the Company's estimate of equity instruments that are expected to vest, with a corresponding increase in equity. The impact of revision of the original estimate, if any, at the end of each year, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity.

The expense, where material, is recognised on a straight-line basis over the period from the date of the aware to the date of vesting, based on the Company's best estimate of the number of shares that will eventually vest.

#### 1.22 Related Party Transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

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### 2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Due to uncertainties inherent in making estimates, actual results could differ from those estimates. Critical accounting judgements and estimation uncertainty include fair value measurements and the underlying valuation process, and evaluation of control over investees.

#### **Share-based payments**

The Company operates an equity settled share option scheme for Directors and employees. The increase in equity is measured by reference to the fair value at the date of grant. Management uses the Black Scholes model to value the share options. The model requires use of assumptions regarding volatility, risk free interest rate and a calculation of the value of the option at the time of the grant. Where equity instruments are granted to persons or entities other than staff, the fair value of goods and services received is charged to profit or loss when the transaction does not qualify for recognition of assets, and also except where it is in respect to costs associated with the issue of shares, in which case, it is charged to the share premium account when material.

The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitation of the calculations used.

Further details of the specific amounts concerned are given in Note 21. There

are no further employee benefits provided by the Group.

#### **Impairment of Intangible assets and Goodwill**

The determination of fair values of assets acquired and liabilities assumed in a business combination involves the use of estimates and assumptions; such as discount rates used and valuation models applied as well as goodwill allocation. See Note 1.6 to the consolidated financial statements.

Intangible assets acquired as part of the DJT Group Ltd had a carrying value of £nil as at 31 January 2024 (2023: £3,204,000). The Group tests annually whether intangible assets have suffered any impairment.

Management has concluded that an impairment charge was necessary for the year ended 31 January 2024 to the carrying value of the intangible assets due to the research licence at DJT being allowed to lapse. It was not considered prudent to continue to fund the maintenance of a research licence at DJT after the research activities had been completed. This would have involved significant costs related to security which are not justified until such time as the Company decides to move to commercial production of medical cannabis. The amortisation life of the licence had been set at 7 years and so the asset value has been accelerated to a nil value by 6 years. The trade secrets related to the cannabis genetics programme and breeding could still be considered to have a value even with the cessation of research activities at DJT Plants Ltd, but this would need to be in conjunction with a registered licence in place. The impact this has on the future value of cash flows expected to arise from these assets. An impairment charge has therefore been calculated of £2,860,714 (2023: £Nil).

Goodwill has a carrying value of £1,677,095 as at 31 January 2024 (2023: £1,266,376). The Group tests annually whether goodwill has suffered any impairment.

Management has concluded that an impairment charge of £1,013,101 (2023: £nil) should be made against the goodwill that arose on the acquisition of DJT Group Ltd further to the decision to not renew the cultivation licence during the year. Due to the uncertainty in relation to how long operations may be paused; the value of the goodwill is considered to be directly affected and therefore a full impairment of the goodwill in relation to DJT Plants Ltd is considered to be appropriate. The amortisation period for the goodwill was over 5 years and so the asset value has been accelerated to a nil value by 4 years.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### **Recognition of deferred tax assets**

Uncertainty exists related to the availability of future taxable profit against which tax losses carried forward can be used, however deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies. Further information on income taxes is disclosed in Note 18.

#### **Fair value of financial instruments**

The fair values of financial instruments that cannot be determined based on quoted market prices and rates are established using different valuation techniques. The Group uses judgement to select methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. Factors regarding valuation techniques and their assumptions could affect the reported fair values.

#### **Impairment of investments**

Annually the Company considers whether investments are impaired. Management have concluded that an impairment charge was necessary for the year ended 31 January 2024 to the carrying value of the investment held in DJT Group Limited due to the impact of the research licence held by DJT being allowed to lapse and a pause in the operations of DJT. Due to the uncertainty in relation to how long operations may be paused and the current Net Liability position of the balance sheet of DJT, a full impairment of the investment cost in DJT Group Ltd was considered to be appropriate. An impairment of £3,237,500 (2023: £nil) has therefore been calculated and recognised in the accounts.

Further to this, an impairment has also been made of £2,022,050 (2022: £nil) against the intercompany loan included in investments in the Company balance sheet. This has been based on the insolvent position of DJT of £2,022,050 as at 31 January 2024, to bring the value of the loan still considered to be recoverable to be equal to the balance of net assets in the DJT balance sheet as at 31 January 2024.

Management has also concluded that an impairment charge was necessary for the year ended 31 January 2024 against the intercompany loan due from Tiamat Agriculture Ltd as included in investments in the Company balance sheet. This has been based on the loss-making position of the company and the insolvent position of the balance sheet of Tiamat Agriculture Ltd as at 31 January 2024. A full provision of £539,876 has been made against the loan balance outstanding as at 31 January 2024.

#### **Purchase price allocation on acquisition**

On acquisition, the Group is required to recognise separately the identifiable assets and liabilities of MRX Global Ltd as at the acquisition date. The determination of fair values and assets acquired with the purchase of MRX Global Ltd involves the use of estimates and assumptions, such as discount rates and valuation models as well as goodwill allocation.

It is assumed that the values of the assets, liabilities and contingent liabilities in the balance sheet of MRX Global Ltd on acquisition do not deviate from the Company's book values.

Management have identified a separable intangible asset of unpatented formulas which has been valued at £215,721 using the replacement cost method. Goodwill of £2,053,586 has been calculated as the balancing figure of the purchase price paid over the fair value of the assets and liabilities of MRX Global at the date of acquisition. Further details of the acquisition can be found in note 25.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 3 Operating loss

	2024	2023
	£	£
Operating loss for the year is stated after charging:		
Exchange losses	1,927	-
Research and development costs	123,370	-
Depreciation of owned property, plant and equipment	199,127	172,284
Amortisation of intangible assets	991,029	-
Impairment of intangible assets	3,873,815	-
Operating lease charges	53,117	-
	<u>5,043,385</u>	<u>172,284</u>

### 4 Auditor's remuneration

	2024	2023
	£	£
Fees payable to the Company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the Group and Company	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

### 5 Employees

The average monthly number of persons employed by the Company during the year was as follows:

	Group		Compan y	
	2024	2023	2024	2023
	Number	Number	Number	Number
Staff	5	8	-	1
Directors	7	5	7	5
	<u>12</u>	<u>13</u>	<u>7</u>	<u>6</u>

Their aggregate remuneration comprised:

	Group		Compan y	
	2024	2023	2024	2023
	£	£	£	£
Wages and salaries	682,801	506,921	391,919	429,826
Social security costs	41,751	21,460	18,518	15,560
Pension costs	8,976	4,571	3,920	4,571
	<u>733,528</u>	<u>532,952</u>	<u>414,357</u>	<u>449,957</u>

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 6 Directors' remuneration

	2024	2023
	£	£
Remuneration for qualifying services	368,600	387,500
Company pension contributions to defined contribution schemes	3,534	4,571
	<u>372,134</u>	<u>392,071</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2023 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2024	2023
	£	£
Remuneration for qualifying services	134,406	187,500
Company pension contributions to defined contribution schemes	1,890	2,010
	<u>136,296</u>	<u>189,510</u>

### 7 Finance costs

	2024	2023
	£	£
<b>Other finance costs:</b>		
Other interest	138,806	247,983
	<u>138,806</u>	<u>247,983</u>

Other interest includes interest payable on Convertible Loan Notes of £36,507 (2023: £247,983) and on Director loans of £102,299 (2023: £nil).

### 8 Taxation

	2024	2023
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	16,214	-
	<u>16,214</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(797,494)	-
	<u>(797,494)</u>	<u>-</u>
Total tax credit	<u>(781,280)</u>	<u>-</u>

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 8 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2024 £	2023 £
Loss before taxation	(6,925,443)	(1,139,640)
Expected tax credit based on the standard rate of corporation tax in the UK of 24.00% (2023: 19.00%)	(1,662,106)	(216,532)
Unutilised tax losses carried forward	1,662,106	216,532
Research and development tax credit	16,214	-
Change in deferred tax on Intangible assets	(797,494)	-
Taxation credit	(781,280)	-

The charge for the year can be reconciled to the profit before taxation per the profit and loss account as follows:

The effective tax rate for the 3 months up to 31 March 2023 was 19.00%. From 1 April 2023, the corporation tax rate changed from 19.00% to 25.00%, which covered the remainder of the period, being 9 months.

Therefore the effective corporation tax charge based on 2 months at 19.00%, and 10 months at 25.00% will be 24% for the financial reporting period.

The Group has estimated tax losses of £4,424,407 (2023: £2,581,667) available to be carried forward and offset against future profits. There has been no deferred tax asset recognised due to the uncertainty concerning the timescale as to its recoverability.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 9 Intangible fixed assets

Group	Goodwill	Licence	Trade secrets	Unpatented formulations	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 February 2023	1,266,376	2,874,000	330,000	-	4,470,376
Additions	2,053,586	-	-	215,721	2,269,307
At 31 January 2024	3,319,962	2,874,000	330,000	215,721	6,739,683
<b>Amortisation and impairment</b>					
At 1 February 2023	-	-	-	-	-
Amortisation charged for the year	629,766	307,929	35,357	17,977	991,029
Impairment losses	1,013,101	2,566,071	294,643	-	3,873,815
At 31 January 2024	1,642,867	2,874,000	330,000	17,977	4,864,844
<b>Carrying amount</b>					
At 31 January 2024	1,677,095	-	-	197,744	1,874,839
At 31 January 2023	1,266,376	2,874,000	330,000	-	4,470,376

The Company had no intangible fixed assets at 31 January 2024 or 31 January 2023. More

information on impairment movements in the year is given in note 2.

On 27 March 2023 the Company completed acquisition of MRX Global Limited ('MRX Group'). The acquisition has given the Group ownership of the IP held by MRX Medical Limited, the 100% subsidiary owned by MRX Global Limited, which has pending patent applications for cannabinoid formulations and methodologies to entrench the Group's position as a provider of cannabinoid-based products for medicinal use in humans.

The Company settled the acquisition at a cost of £2,021,520 with consideration coming in the form of 673,840,000 ordinary shares of the Company, see note 25.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 10 Property, plant and equipment

Group	Buildings	Fixed Plant	Small plant & other	IT & Office Equipment	Irrigation	Reservoir	Multi-Chapelle	Total
	£	£	£	£	£	£	£	£
<b>Cost</b>								
At 1 February 2023	742,504	548,984	99,144	208,948	87,198	85,144	162,830	1,934,752
Additions	-	-	2,962	-	-	-	-	2,962
At 31 January 2024	742,504	548,984	102,106	208,948	87,198	85,144	162,830	1,937,714
<b>Depreciation and impairment</b>								
At 1 February 2023	35,608	65,760	15,805	40,700	3,906	3,535	6,970	172,284
Depreciation charged in the year	37,125	85,581	17,872	41,790	4,360	4,257	8,142	199,127
At 31 January 2024	72,733	151,341	33,677	82,490	8,266	7,792	15,112	371,411
<b>Carrying amount</b>								
At 31 January 2024	669,771	397,643	68,429	126,458	78,932	77,352	147,718	1,566,303
At 31 January 2023	706,896	483,224	83,339	168,248	83,292	81,609	155,860	1,762,468

The Company had no property, plant and equipment at 31 January 2024 or 31 January 2023.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 11 Fixed asset investments

	Notes	Group 2024 £	2023 £	Company 2024 £	2023 £
Investments in subsidiaries	12	-	-	3,789,253	6,966,290

#### Movements in non-current investments

Company	subsidaries £
<b>Cost or valuation</b>	
At 1 February 2023	6,966,290
Additions - loan movements	600,869
Additions - MRX Global Ltd	2,021,520
At 31 January 2024	9,588,679
<b>Impairment</b>	
At 1 February 2023	-
Impairment losses	5,799,426
At 31 January 2024	5,799,426
<b>Carrying amount</b>	
At 31 January 2024	3,789,253
At 31 January 2023	6,966,290

### 12 Subsidiaries

Details of the Company's subsidiaries at 31 January 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
DJT Plants Limited	Bank House, Broad Street, Spalding, for UK	Supporting activities crop production	Ordinary	-	100.00
DJT Group Ltd	Norfolk House Farm, Gedney Marsh, vegetables Holbeach, Spalding, UK and	Growing of and melons, roots tubers	Ordinary		100.00
Tiamat Agriculture Ltd	Ibex House, Baker Street, Weybridge, UK	Wholesale of pharmaceutical goods	Ordinary		100.00
MRX Global Limited	Ibex House, Baker Street, Weybridge, company UK	Holding	Ordinary		100.00
MRX Medical Limited	Ibex House, Baker Street, Weybridge, UK	Development & distribution of health products	Ordinary	-	100.00
Aristaeus Elements Ltd chemicals	6th Floor, 60 Gracechurch Street, London, UK	Manufacture of other organic basic and essential oils	Ordinary	-	100.00
Tiamat Australia PTY	PO Box 1100, West Perth, Australia Dormant Ltd		Ordinary	-	100.00

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 12 Subsidiaries

(Continued)

27 March 2023 the Company acquired 100 per cent of the ordinary shares of MRX Global Limited ('MRX'). As a result of the acquisition, the Group have acquired the IP in the form of patent applications over four cannabinoid formulations and a method for formulating these products. The Group expects to entrench their position as a provider of high-quality cannabinoid-based medicines for the UK and international market.

The goodwill of £2,215,377 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Company and MRX.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The cost of the Group's investment in MRX on the face of the Group's balance sheet consists of the acquisition cost of £2,021,520 in respect of the subsidiary's share capital and £2,215,377 representing the goodwill.

Tiamat Agriculture Ltd – a fully owned subsidiary of the Company. Tiamat was established during 2019 in order to facilitate the sales of pharmaceutical goods.

Aristaeus Elements Ltd – a fully owned subsidiary of the Company. Aristaeus was established in 2019 in order to investigate the extraction of cannabinoids by different methods.

DJT Plants Limited - was acquired in the prior year and provides the facilities to grow medical cannabis in the UK.

### 13 Assets under construction

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Assets under construction	-	47,080	-	-

### 14 Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Amounts owed by group undertakings	-	-	296,375	-
Other receivables	28,304,164,804	4,363	102,019	
Other debtors	21,666	15,122	20,811	8,223
Prepayments and accrued income	27,410	30,218	23,675	14,443
	<u>77,380</u>	<u>210,144</u>	<u>345,224</u>	<u>124,685</u>

Amounts owed by subsidiaries are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 15 Current liabilities

	Group		Company	
	2024	2023	2024	2023
Notes	£	£	£	£
Directors loans	1,486,732	757,897	1,236,601	757,897
Trade payables	57,652	101,495	30,847	61,014
Amounts owed to group undertakings	-	-	8,836	11
Other taxation and social security	1,219	-	-	-
Other payables	75,579	44,103	-	-
Accruals and deferred income	944,484	682,989	918,484	662,853
	2,565,666	1,586,484	2,194,768	1,481,775

The Directors' loans in the Company are supported by agreements between the Charles Morgan and the Company. The loans bear interest at 10% per annum, accruing monthly and compounding annually. There are two loan agreements active, one between Charles Morgan and the Company in relation to funds from UK sources £549,699 (2023: £12,790), and a second, again, between Charles Morgan and the Company in relation to funds from non-UK sources £676,806 (2023: £745,011). There is also an amount owing to Melissa Sturgess of £10,096 (2023: £96). The Company has received letters from both Charles and Melissa confirming that the loans will not be called for repayment for at least 12 months following signing of these accounts.

There are further director loans with Charles Morgan held in the subsidiary MRX Global Limited of £191,239 which is on the same terms as above and a loan of £58,892 which is interest free and repayable on demand.

Amounts owed to subsidiaries are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 16 Convertible loan notes

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Liability component of convertible loan notes	636,507	2,924,812	636,507	2,924,812

In September 2023 Charles Morgan converted £300,000 of his non-UK directors' loans into CLNs. The CLNs bear interest at a rate of 15% per annum. The CLNs will be convertible into ordinary shares at the lower of a 20% discount of the price at the next capital raising of £1m price of 0.4p per share, with a minimum conversion price of 0.2p.

In September, the Company raised £300,000 by an issue of further CLNs on the same terms as above. Total

interest of £36,507 was applied as at 31 January 2024 on the CLNs in issue.

On 9 March 2023, Charles Morgan converted all of his series A and B CLNs as held at 31 January 2023, into 747,264,000 ordinary shares. Furthermore, Charles Morgan also redeemed £550,000 of CLNs alongside the exercise of 137,500,000 warrants (see note 20). As part of this redemption, interest that had accrued of £133,020.29 was written off.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 17 Financial instruments

	Group 2024 £	Restated 2023 £	Company 2024 £	2023 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	161,811	276,061	321,549	124,685
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	3,200,954	4,511,296	2,831,275	4,406,587

Financial assets measured at amortised cost comprise bank account balances, loan notes, amounts due from subsidiaries and accrued interest.

Financial liabilities measured at amortised cost comprise trade creditors, loan notes, amounts due to subsidiaries and accruals.

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group and Company, and movements thereon:

<b>Group</b>	<b>Liabilities 2024 £</b>	<b>Liabilities 2023 £</b>
Intangible assets	49,436	793,000

The Company has no deferred tax assets or liabilities.

	<b>Group 2024 £</b>	<b>Company 2024 £</b>
<b>Movements in the year:</b>		
Liability at 1 February 2023	793,000	-
Credit to profit or loss	(797,494)	-
Other	53,930	-
Liability at 31 January 2024	49,436	-

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 18 Deferred taxation

(Continued)

The acquisition of MRX in the current year identified intangible assets not previously recognised, the deferred tax liability relating to these on the acquisition of MRX was £53,930. During the year the amortisation against this liability has resulted in an offset to reduce this liability by £4,494. The net deferred tax liability as at 31 January 2024 is £49,436.

The acquisition of DJT in the prior year identified intangible assets not previously recognised, the deferred tax liability relating to these on the acquisition of DJT was £793,000. During the year ended 31 January 2024 these intangible assets have been amortised and impaired (see note 9) and a debit has been offset against the original liability of £793,000 in connection to this. The net deferred tax liability as at 31 January 2024 is £nil.

Deferred tax calculated at a rate of 25% on the movement in the value of the above intangible assets held as at 31 January 2024 has been recognised in the profit and loss account as noted above.

### 19 Retirement benefit schemes

	2024	2023
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	8,976	4,571

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

### 20 Share-based payment transactions

Share warrants and options outstanding and exercisable at the end of the year have the following expiry dates and exercise prices:

Group and Company	Number of share options		Weighted average exercise price	
	2024 Number	2023 Number	2024 Pence	2023 Pence
Outstanding at 1 February 2023	738,222,889	193,027,777	0.47	0.38
Granted	70,000,000	634,084,000	0.61	0.40
Exercised	(141,680,555)	(7,995,570)	0.40	0.45
Expired	(60,000,000)	(80,893,318)	0.80	0.45
Outstanding at 31 January 2024	606,542,334	738,222,889	0.43	0.47

Share warrants and options outstanding and exercisable at the end of the year have the following expiry dates and exercise prices:

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 20 Share-based payment transactions

(Continued)

Grant date	Expiry date	No of shares	Exercise price per share	2024	2023
			pence	£	£
Sep 19	Sep 24	6,300,000	0.45	7,101	7,101
Jun 19	Jun 24	10,451,389	0.45	15,250	15,250
Oct 19	Oct 23	4,180,555	0.45	-	3,335
Nov 20	Oct 25	9,282,778	0.20	7,307	7,307
Nov 20	Oct 25	9,282,778	0.20	7,307	7,307
Nov 20	Oct 25	4,641,389	0.45	2,923	2,923
Dec 22	Dec 32	60,000,000	0.60	2,289	2,289
Dec 22	Dec 32	436,584,000	0.40	1,136,587	1,494,550
Mar 23	Mar 26	30,000,000	0.61	2,034	-
Mar 23	Mar 25	10,000,000	0.61	678	-

The Group has a total of 576,542,334 warrants and options in issue (2023: 678,227,889) and the average exercise price is £0.0043 (2023: £0.0047) per share.

The Group has no legal or constructive obligation to settle or repurchase the options in cash. Options are settled when the Group receives a notice of exercise and cash proceeds from the option holder to the aggregate exercise price of the options being exercised.

On 11 May 2023 as part of a redemption of CLNs (see note 16) 137,500,000 warrants were exercised at a price of £0.004. This transaction with the redemption of the CLNs was cash neutral for the Company.

On 30 June 2023 J Kerr exercised 4,180,455 warrants at a price of 0.45 pence being a total consideration of £18,812.

On 31 March 2023 EMI options were granted that vest on the first, second and third anniversary of the signing of the agreement at an exercise price of 0.55 pence, 0.605 pence and 0.66 pence on each respective anniversary.

On 31 March 2023 the Company also issued options over 10,000,000 which will vest in two equal tranches on the first and second anniversary of their grant with exercise prices of 0.5 pence and 0.605 pence per share respectively.

	Jun 2019	Sep 2019	Oct 2019	Nov 2020	Feb 2021
Current price (£)	0.0032	0.00265	0.0023	0.00019	0.006
Options Exercise Price (£)	0.0045	0.0045	0.0045	0.002	0.008
Expected Life of Options in years	5	5	4	5	2
Volatility	80%	80%	80%	50%	20%
Dividend yield	-	-	-	-	-
Risk free interest rate	0.63%	0.51%	0.36%	0.36%	1.044%

	Dec 2022	Dec 2022	Mar 2023
Current price (£)	0.005	0.005	0.0003
Options Exercise Price (£)	0.006	0.004	0.0005
Expected Life of Options in years	3	10	10
Volatility	25.6%	25.6%	4.79%
Dividend yield	-	-	-
Risk free interest rate	3.577%	3.577%	3.80%

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 20 Share-based payment transactions

(Continued)

The risk-free rate of return is based on 2-, 5- and 10-year bond yields.

### 21 Share capital

Group and Company	2024	2023	2024	2023
Ordinary share capital	Number	Number	£	£
<b>Issued and fully paid</b>				
Ordinary shares of 0.2p each	2,878,027,906	1,170,554,572	5,756,057	2,341,110

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

#### Reconciliation of movements during the year:

	Ordinary Number
At 1 February 2023	1,170,554,572
Issue of fully paid shares	1,707,473,334
At 31 January 2024	2,878,027,906

During the year ended 31 January 2024 1,707,473,334 Ordinary shares, with a par value of £3,414,947, were issued for a total value of £5,279,524.

### 22 Research & Development

The Group have applied for research and development relief. The Group have set up a defined research and development team to look into the consistent genetic stability and quality across all facets of THC<sup>2</sup> cannabis to meet the criteria of the Medicines and Healthcare Regulatory Agency. The Group have calculated that approximately £108,270 (2023: £161,385) is due from H.M. Revenue & Customs in relation to these tax relief returns.

### 23 Earnings per share

Earnings per share is calculated by dividing the loss for the period attributable to ordinary equity shareholders of the parent by the number of ordinary shares outstanding during the year.

During the year the calculation for the Group was based on the loss after tax for the year of £6,144,162 (2023:£1,139,630) divided by the weighted number of ordinary shares 2,631,069,313 (2023:850,999,271).

During the year the calculation for the Company was based on the loss after tax for the year of £4,110,158 (2023: £954,015) divided by the weighted number of ordinary shares 2,631,069,313 (2023: 850,991,271).

Convertible loan notes were issued during the financial year which will dilute the earnings per share valuation as and when they are converted.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 24 Reserves

#### Share premium

Amount subscribed for share capital in excess of nominal value.

#### Share capital

This represents the nominal value of shares issued.

#### Retained earnings

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

#### Share options reserve

Assessed value of options issued other than options issued as share based payment for services less any exercise of share options during the year.

### 25 Acquisition of a business

On 27 March 2023 the group acquired 100 percent of the issued capital of MRX Global Ltd.

In accordance with FRS 102 Section 19 'Business Combinations', this transaction has been accounting for using the acquisition method of accounting. The consolidated income statement for the year ended 31 January 2024 includes the results of MRX from 27 March 2023, the deemed date of the acquisition ('Acquisition Date'). The assets and liabilities of MRX have been consolidated from the date of the acquisition using the fair value of their assets and assumed liabilities at that date.

Net assets acquired	Book Value	Fair Value	Fair Value
	£	Adjustments £	£
Intangible assets	-	215,721	215,721
Trade and other receivables	3,903	-	3,903
Cash and cash equivalents	24,015	-	24,015
Trade and other payables	(221,775)	-	(221,775)
Deferred tax	-	(53,930)	(53,930)
Total identifiable net assets	<u>(193,857)</u>	<u>161,791</u>	<u>(32,066)</u>
Goodwill			<u>2,053,586</u>
Total consideration			<u>2,021,520</u>
The consideration was satisfied by:			£
Issue of shares			<u>2,021,520</u>
Contribution by the acquired business for the reporting period included in the Group statement of comprehensive income since acquisition:			£
Revenue			-
Loss after tax			<u>(368,823)</u>

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 25 Acquisition of a business

(Continued)

Goodwill of £2,053,586 recognised is primarily the future earnings potential of existing activities and Group know how.

### 26 Operating lease commitments

#### Lessee

The lease commitment as at the year ended 31 January 2023 had been omitted from the prior year accounts. The comparative note has been restated to include the lease commitments due as at 31 January 2023.

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	117,000	117,000	-	-
Between two and five years	404,250	468,000	-	-
In over five years	1,361,042	1,365,000	-	-
	<u>1,882,292</u>	<u>1,950,000</u>	<u>-</u>	<u>-</u>

### 27 Events after the reporting date

Following the close of the reporting period, the Company continued to progress its drug development operations in MRX. The most significant event to take place was the release of pre-clinical data relating to the efficacy of MRX1 in treating fibrosis in mice. The full announcement can be read here: <https://investors.anandadevelopments.com/announcements/6401096>.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

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### 28 Related party transactions

Details of the Directors' remuneration can be found in Note 6. Key Management Personnel are considered to be the Directors.

Melissa Sturgess and Charles Morgan, both Directors of the Company, hold CLNs to the value of £nil (2023: £125,000) and £300,000 (2023: £2,366,793) respectively. During the year the CLNs held as at 31 January 2023 were converted into shares. For further details on the CLNs please refer to note 16.

Melissa Sturgess and Charles Morgan are both Directors of Tiamat Agriculture Limited ('Tiamat'). Tiamat is a 100% subsidiary of the Company. Tiamat is a holding Company within the Group and does not have an operational function.

Charles Morgan and the Company have loan agreements in place. The loans bore interest at 10% per annum, accruing monthly and compounding annually. The loans are repayable in full, together with accrued interest, on or before 31 December 2023. There are two loan agreements, one being between Charles Morgan and the Company in relation to funds from UK sources and a second, between Charles Morgan and the Company in relation to funds from non-UK sources. There are further loans due between Charles Morgan and the Subsidiary Company MRX Global Limited of £191,239 which are held on the same terms as above. In addition there is another loan balance of £58,892 that is interest free and repayable on demand.

Directors' loan balances were outstanding as at year end of £1,486,732 (2023: £757,897). This is including any interest payable. Interest payable has been calculated at £102,254 (2023: £77,604).

A debt of £539,876 (2023: £497,662) was owed by Tiamat as at the year end. An impairment has been made against this loan of £539,876 (2022: £nil) as detailed in note 2. The net balance outstanding is £nil (2023: £497,662). This is excluding any interest payable. The nature of the transactions were mainly consultancy and legal fees.

A debt of £3,349,796 (2023: £2,789,567) was owed by DJT as at the year end. An impairment has been made against this loan of £2,022,050 (2022: £nil) as detailed in note 2. The net balance outstanding is £1,327,746 (2023: £2,789,567). This is excluding any interest payable. The nature of the transactions before the acquisition were predominately assets in the course of construction, salaries and consultancy expenditure.

A debt of £296,375 (2023: £nil) was owed by MRX as at the year end. This is excluding any interest payable. The nature of the transactions before the acquisition were predominantly research and development and legal costs.

On 27 March 2023 the Company acquired the whole share capital of MRX Global Limited of which three of the directors, Melissa Sturgess, Charles Morgan and Inbar Pomeranchik owned 60% of the company between them. Details of the acquisition can be found in note 25.

### 29 Controlling party

The Directors believe there to be no ultimate controlling party.

## Notes to the group financial statements (continued)

For the year ended 31 January 2024

### 30 Cash absorbed by group operations

	2024 £	2023 £
Loss for the year after tax	(6,144,163)	(1,139,640)
<b>Adjustments for:</b>		
Taxation credited	(797,494)	-
Finance costs	138,806	247,983
Investment income	(27)	-
Amortisation and impairment of intangible assets	4,864,844	-
Depreciation and impairment of property, plant and equipment	199,127	172,284
Write-off of assets under construction	(47,080)	39,878
Write-off of stocks	-	7,393
Write off of CLN interest	(133,020)	-
Equity settled share based payment expense	15,899	13,711
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	136,667	(143,568)
Increase in trade and other payables	950,583	344,605
<b>Cash absorbed by operations</b>	<u>(721,698)</u>	<u>(457,354)</u>

#### Material non-cash transaction

On 27 March 2023, the Group acquired 100% of the issued share capital of MRX Global Ltd in exchange for the issue of 673,840,000 shares at a value of £0.003 each. More details can be found in note 25.

### 31 Analysis of changes in net debt - group

	1 February 2023 £	Cash flows £	Other non-Exchange rate cash changes £	movements £	31 January 2024 £
Cash at bank and in hand	18,837	65,594	-	-	84,431
Convertible loan notes	(2,924,812)	(300,000)	2,588,305	-	(636,507)
	<u>(2,905,975)</u>	<u>(234,406)</u>	<u>2,588,305</u>	<u>-</u>	<u>(552,076)</u>











# Ananda Developments plc YE 31 Jan 2024 Annual Report and Audited Accounts


Final Audit Report


2024-07-12


Created:	2024-07-12
By:	Jeremy Sturgess-Smith (jss@anandadevelopments.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA_INQhW3VV8lh__TzE_FYSGVpEhV5kd-4

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