



ASX Announcement
27 February 2020

LITTLE GREEN PHARMA ENTERS INTO AGREEMENT TO SUPPLY MEDICINAL CANNABIS PRODUCTS TO DEMECAN

Highlights:

- Little Green Pharma signs three-year purchase agreement with Berlin-based DEMECAN for the sale and export of up to 1,000kg of dried flower or 48,000 units of medicinal cannabis oil product, or any combination thereof, per annum
- DEMECAN is the only German company that covers the entire medicinal cannabis production chain; from cultivation to processing and manufacturing, through to distribution to pharmacies
- LGP anticipates being one of the first few companies to export full spectrum medicinal cannabis oil products into Germany
- The German market is the largest medicinal cannabis market in the European Union with an estimated 240,000 prescriptions to the end of 2019¹
- It is expected Germany will remain a favourable market for the import of medicinal cannabis oil products due to insufficient domestic supply as a result of significant delays in its domestic cultivation tendering process

Little Green Pharma Ltd (ASX: LGP) (“LGP” or the “Company”) is pleased to announce that it has signed a binding three-year purchase agreement (“Agreement”) for the sale, export, and distribution of LGP Classic medicinal cannabis oils and LGP-cultivated dried cannabis flower to Berlin-based Deutsche Medizinalcannabis GmbH (“DEMECAN”).

DEMECAN is the only German company that covers the entire medicinal cannabis production chain; from cultivation to processing and manufacturing, through to distribution to pharmacies. DEMECAN is currently the only producer of medicinal cannabis in Germany and is a strategically important partner for LGP.

The Agreement does not require DEMECAN to purchase a minimum volume. Subject to the conditions precedent and material terms of the Agreement, as set out below, LGP will sell and export to DEMECAN up to 1,000kg of LGP-cultivated dried cannabis flower or 48,000 units of LGP Classic medicinal cannabis oil product, or any combination thereof, per annum (the “Annual Quota”). The Agreement has a three-year term, which will commence on the first commercial shipment of LGP medicinal cannabis products to Germany, which is expected to take place in 2H CY2020.

The Agreement secures pricing that is a premium to LGP’s medicinal cannabis oil products sold in Australia.

Commenting on the Agreement, LGP Managing Director Fleta Solomon, said:

¹ The Germany Cannabis Report, October 2019, Prohibition Partners p. 21



“We are thrilled to enter into a partnership with DEMECAN. As the only company in Germany to cover the entire production chain for medicinal cannabis, DEMECAN is a leading supplier of medicinal cannabis in Germany.

“Germany is home to the largest population in the European Union and a rapidly growing medicinal cannabis industry.

“However, patient access to medicinal cannabis in Germany has been limited to date, with inadequate domestic production that is unlikely to produce sufficient product to satisfy the German market in the near term.

“The Agreement with DEMECAN allows LGP to expand its sales and distribution footprint in Germany to meet the growing demand for medicinal cannabis.”

DEMECAN Executive Director, Dr. Cornelius Maurer commented:

“In this fast-growing industry, it is crucial to have established and reliable partners like LGP, who share our focus on patient well-being and positioning as a high-quality pharmaceutical producer and wholesaler.”

Material terms of the Agreement

The Agreement sets out product specifications, quality requirements, and agreed unit pricing of medicinal cannabis oil and dried flower product that LGP will sell and export to DEMECAN.

The Agreement is subject to certain conditions precedent in respect of each of the medicinal cannabis oil and dried flower product categories, including LGP obtaining all required approvals to export its products including any German-specific approval requirements; the parties entering into a GMP Quality Agreement; and DEMECAN obtaining all approvals required to import such products into Germany.

Under the Agreement:

- a) There is no minimum order quantity and LGP has no obligation to supply any product until DEMECAN places a purchase order that is confirmed by LGP; and
- b) If DEMECAN fails to order, or LGP does not accept orders comprising, at least 50% of the Quarterly Quota (being 25% of the Annual Quota) for two consecutive quarters, then the other party has the right to terminate the Agreement without liability to either party.

German medicinal cannabis market overview

Germany represents a significant opportunity for LGP as the largest medicinal cannabis market in Europe, estimated to be worth €7.7 billion (A\$12.5 billion) by 2028². The number of prescriptions for medicinal cannabis in Germany is growing rapidly; there were 95,000 prescriptions at the end of 2018 and more than 240,000 prescriptions were expected by the end of 2019³.

² The Germany Cannabis Report, October 2019, Prohibition Partners p. 21

³ The Germany Cannabis Report, October 2019, Prohibition Partners p. 33



It is expected Germany will remain a favourable market for the import of medicinal cannabis oil products due to insufficient domestic supply as a result of significant delays in its domestic cultivation tendering process, with the first licences only awarded in 2019⁴.

About DEMECAN

DEMECAN is the only German company that covers the entire production chain for medicinal cannabis; from cultivation to processing and manufacturing, through to distribution to pharmacies. DEMECAN was founded in 2017 to guarantee German patients access to high quality medicinal cannabis. In May 2019, the Germany Federal Institute for Drugs and Medical Devices (“BfArM”) awarded DEMECAN the first licence to grow medicinal cannabis. From 2020, DEMECAN will supply the Federal Republic of Germany with medicinal cannabis. DEMECAN is based in Berlin and operates a facility near Dresden for the cultivation and processing of medicinal cannabis. DEMECAN also imports medicinal cannabis into Germany as a pharmaceutical wholesaler.

ENDS

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For more information about Little Green Pharma go to: www.littlegreenpharma.com

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "Craig Basson".

Craig Basson
Company Secretary

⁴ The Germany Cannabis Report, October 2019, Prohibition Partners p. 33