

ASX ANNOUNCEMENT

19 APRIL 2022

LGP DENMARK SIGNS MAJOR SALES AGREEMENT WITH DEMECAN

**LGP SIGNS ITS LARGEST OFFTAKE AGREEMENT TO DATE
FIRST MAJOR SUPPLY AGREEMENT FROM DENMARK FACILITY
THREE YEAR TERM SUPPLYING OVER 1.3T OF FLOWER PER
ANNUM POST RAMP UP**

Highlights

-  LGP Denmark signs major three-year sales agreement with long-standing foundation distribution partner Demecan for the supply of cannabis flower medicines
-  Agreement for the supply of three high-THC flower strains with minimum order quantities of 450kgs per annum of each strain post ramp up to maintain exclusivity (~1.3T of flower per annum across the three strains)
-  First two strains expected to be delivered in Q3CY2022 with the third later in the year
-  Agreement represents annual revenue opportunity of approximately A\$9 million (€6 million¹)
-  Significant milestone for LGP which demonstrates the quality and supply from the Denmark facility – aligns with LGP’s wider strategy of partnering with quality global distribution partners to gain market share in Europe



Little Green Pharma Ltd (ASX: LGP, “LGP” or the “Company”) is pleased to announce the execution by Little Green Pharma Denmark ApS (“LGP Denmark”) of a three-year sales agreement (“Agreement”) for the supply of white-label cannabis flower products to Deutsche Medizinalcannabis GmbH (“Demecan”), one of Germany’s largest cannabis distributors.

¹ AUD:EUR 0.68 (as at 12 April 2022)



Under the Agreement, LGP will provide Demecan with three high-THC strains (>22% THC) for distribution in Germany. To maintain strain exclusivity and following a ramp-up period of between 6 and 12 months, Demecan is required to purchase at least 450kgs per annum of each strain. This represents approximately A\$9 million (€6 million¹) in total revenue per annum for the three strains.

Material terms of the Agreement

- ✔ 3-year exclusive supply of three high-THC strains to Demecan for distribution in Germany
- ✔ Demecan has a right of first offer to purchase the agreed strains for exclusive supply in the remainder of the European Union (other than Poland)
- ✔ LGP has a 12-month window to develop the agreed strains within specification, with subsequent supply subject to the normal conditions such as obtaining approvals to supply into Germany and entry into a GMP Quality Agreement
- ✔ Demecan has right to inspect first flower development crops and may exclude strains based on saleability criteria, in which case LGP may at its option nominate alternative strains for development and offer the excluded strains to third parties
- ✔ Demecan must pay 50% of the development costs of each strain successfully developed, subject to caps under the Agreement
- ✔ Following relevant ramp-up periods, Demecan must purchase at least 38kgs per month to maintain strain exclusivity in Germany, with supply periods of at least 3 years for each product
- ✔ Product pricing is tiered based on the sales price achieved with customers and pharmacies, LGP entitled to terminate the Agreement on notice if at any time its cost of production exceeds the product purchase price

¹ AUD:EUR 0.68 (as at 12 April 2022)



*Chief Executive Officer of Little Green Pharma,
Fleta Solomon, said:*

“Demecan is a longstanding supporter and distributor of LGP’s medicinal cannabis products. The agreement gives LGP access to some of the best-in-class distribution services in Germany and potentially across Europe as the parties look to roll out these strains across the EU.

The agreement is perfectly aligned with our longstanding strategy to gain market share in Europe, and also marks a significant turning point for the LGP Denmark facility, being the first in what we hope is a suite of high-volume purchase agreements underpinning the Facility’s arc towards profitability and full production.”



*Managing Director of Demecan,
Philipp Goebel, said:*

“We are very pleased with this step-change in our relationship with Little Green Pharma, and believe it marks the beginning of a highly mutually beneficial partnership as we continue to provide high-quality LGP medicinal cannabis products to our patients and patients in Germany, and beyond.

We have been very happy with the quality of medicinal cannabis products produced by LGP’s Australian assets to date, and in particular their Florestura product which has been rated one of the top flower products in Germany. We are also now very impressed with their new genetics following our recent site inspection of LGP’s Danish facility and look forward to seeing what they can produce for us over the coming months.”

ENDS

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read "Alistair Warren".

Alistair Warren
Company Secretary

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About Little Green Pharma

Little Green Pharma is a global, vertically integrated and geographically diverse medicinal cannabis business with operations from cultivation and production through to manufacturing and distribution.

The Company has two global production sites for the manufacture of its own-branded and white-label ranges of GMP-grade medicinal cannabis products, being a 21,500m² cultivation and 4,000m² GMP manufacturing facility capable of producing over 20 tonnes of medicinal cannabis biomass per annum located in Denmark (EU) and an indoor cultivation and manufacturing facility located in Western Australia capable of producing ~3 tonnes of medicinal cannabis biomass per annum.

Little Green Pharma products comply with all required Danish Medicines Agency and Therapeutic Goods Administration regulations and testing requirements. With a growing range of products containing differing ratios of active ingredients, Little Green Pharma supplies medical-grade cannabis products to Australian, European and overseas markets.

The Company has a strong focus on patient access in the emerging global medicinal cannabis market and is actively engaged in promoting education and outreach programs, as well as participating in clinical investigations and research projects to develop innovative new delivery systems.

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

Help us be Green

LGP investors are encouraged to go paperless and receive Company communications, notices and reports by email. This will ensure efficient communication during COVID-19 while also helping to reduce our costs and environmental footprint.

To easily update your communication preferences, visit: www.computershare.com.au/easyupdate/lgp