

ASX ANNOUNCEMENT

19 May 2022

Exclusive high-volume take-or-pay contract with Four 20 Pharma in Germany

Highlights:

- LGP signs large-volume, take-or-pay contract with Four 20 Pharma for the exclusive supply of a new high-THC strain into Germany
- Agreement is LGP's largest single-strain offtake quantity contract to date, with a minimum take or pay commitment of \$7.5 million over 30 months¹
- The transaction represents a significant evolutionary step in LGP's supply processes and contract portfolio as LGP continues to successfully deliver on its distribution strategy in Europe
- First product deliveries expected late next Quarter or early in the following Quarter



Little Green Pharma Ltd (ASX: LGP, "**LGP**" or the "**Company**") is pleased to announce its entry into a 2.5 year take-or-pay contract ("**Agreement**") with new distribution partner, Four 20 Pharma GmbH ("**Four 20 Pharma**"), for the exclusive supply of LGP's recently-developed, high-THC (25% THC) SMS strain into Germany.

The Agreement represents a minimum take-or-payment commitment of at least \$7.5 million¹ over 30 months, including payment of a development fee to help defray strain development costs.

¹ AUD:EU 0.67 (as at 18 May 2022)

The transaction resulted from a recent, tightly-executed bidding process for the 25% THC strain which successfully positioned LGP in front of a range of potential new distribution partners. The Company proposes to engage in similar tender processes for other new strains, as well as rolling out SMS into other jurisdictions.

The transaction represents a significant evolutionary step in LGP's supply processes and contract portfolio, with the Agreement joining LGP's minimum exclusivity commitment purchase agreements with Demecan in Germany for the potential supply of up to 1.3 tonne per year (representing an annual revenue opportunity of ~\$9 million²) of white-label flower from its Danish Facility (see ASX announcement dated 19 April 2022), and with Sana Life Sciences in the UK for the supply of LGP-branded oils (representing an annual revenue opportunity of \$1.44m²) from its Western Australian Facility (see ASX announcement dated 2 May 2022).

Four 20 Pharma is a GMP licensed German manufacturer, wholesaler and importer of medicinal cannabis. Since its establishment in 2018, the company has positioned itself as one of the biggest players in the German medicinal cannabis market, with its growth underpinned by the success of its "420 NATURAL" brand, one of the highest selling medicinal cannabis brands in Germany.

Little Green Pharma's Chief Executive Officer, Fleta Solomon, said:

"We are very excited by our new SMS strain as well as the opportunity to be partnering with Four 20 Pharma, one of the largest medicinal cannabis operators in Germany and with a highly successful track record of supplying its 420 Natural brand cannabis products into the German market.

"The Agreement represents another significant milestone in LGP's continued growth of its Danish Facility, as well as an exciting development in LGP's supply processes that promises to dramatically shorten LGP's supply timelines for future key strains.

We look forward to working closely with Four 20 Pharma to bring this highly-prospective new strain to market as quickly as possible."



² GBP:AU 0.57 (as at 18 May 2022)

Material Terms of Agreement

- Term is 2.5 years, with a minimum annual purchase commitment of \$3.5 million¹ per year following a 6-month ramp-up
- Fixed price indexed to Danish CPI
- Take-or-pay commitment requires Four 20 Pharma to purchase minimum quarterly quantities each quarter of white-label bulk SMS strain or pay liquidated damages equal to the purchase price if make-up quantities are not purchased in the subsequent quarter
- Agreement subject to the following conditions precedent: sufficient data to support a shelf life of at least 6 months, entry into GMP Quality Agreement, and the grant of approvals to supply the strain into Germany, which conditions precedent must be satisfied within 6 months of Agreement execution
- Supply of the product is exclusive to Four 20 Pharma in Germany
- Agreement includes payment of development fee to help defray cost of strain development, in equal tranches after completion of stability testing and first product supply
- Delivery is on an ex-works basis from LGP's Danish Facility with first supply expected late next Quarter or early in the following Quarter

**ENDS
BY ORDER OF THE BOARD**



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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 30 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