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## BUSINESS UPDATE

### [HELLENIC DYNAMICS PLC](#)

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Hellenic Dynamics PLC  
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#### **Hellenic Dynamics plc** **(*"Hellenic Dynamics" or the "Company"*)**

#### **Business Update**

**London, 06 June 2023:** Hellenic Dynamics plc (LSE: HELD) is a medical cannabis cultivator specifically focused on the cultivation and supply of tetrahydrocannabinol ("THC") dominant strains of medical cannabis flowers destined for the rapidly growing medical cannabis markets across Europe. In December 2022, Hellenic Dynamics became the first medical cannabis cultivator to list on the London Stock Exchange's main market for listed securities.

#### **Highlights**

- Cultivation and Equipment
- Details of adapted Strategy to the changing dynamics of the European medical cannabis market
- Update on GMP Certification
- Renewable Energy Update

#### **Hellenic Dynamics' Business Model**

Hellenic Dynamics' core strategy is to develop and operate its 40,000 square metre cultivation area for THC-dominant medical cannabis permitted by its licence from its 195,506 square metre facility located near Thessaloniki in Northern Greece.

The facility benefits from a relatively low cost base resulting from a comparatively low cost of power and one of the lowest labour rates for skilled and semi-skilled labour in Europe as well as having its own running water supply, meaning that utility costs are significantly below standard market rates for other cultivators. The active THC cultivation area is one of the largest in Europe, capable of producing over 54,000 kg of dried medical cannabis flowers per annum when in full production.

The location of the facility also enables Hellenic Dynamics to easily export its THC dominant medical flowers to any of the 25 countries in Europe that currently allow medical cannabis prescriptions to patients, in a market expected to reach €43.3 billion per annum by 2027, twice the size of the current north American and Canadian markets combined.

#### **Hellenic Dynamics' adapted strategy**

Hellenic Dynamics is currently on track to have its first cultivation underway in late summer 2023.

Hellenic Dynamics is a medical cannabis cultivator. As the industry enters 'cannabis 2.0' which has seen a shake-up of the medical cannabis market, through its agility the Company intends to move with market conditions and

demand. This has led to a review of the Company's cultivation strategy which will see Hellenic Dynamics harnessing its scale and low cost operating model in a way that it anticipates will accelerate revenue generation and provide an opportunity to its customers. Such a strategy has not yet been seen in the cannabis space to date. This modified strategy and operating model, details of which are set out below, is different and disruptive in comparison to the Company's peer group and is designed to match the rapidly evolving regulated medical cannabis market in Europe.

As the medical cannabis markets across Europe are now defining the industry standard for the supply of medical cannabis products from cultivator to patient, the certifications for these products is also evolving. Hellenic Dynamics' strategy contained within the Company's prospectus was to gain both Good Agricultural and Collection Practice ("GACP") and a EU Good Manufacturing Practices ("EU-GMP") certifications. EU-GMP is the most intensive certification for any medical cannabis cultivator to achieve from a capex, opex and time to issuance perspective, with very little advantages for end sales price of products. As the industry enters 'cannabis 2.0' many medical distributors have built their own EU-GMP facilities within their licensed distribution buildings across Germany as have other potential customers in the other markets that Hellenic Dynamics wishes to sell its products into. For this reason, the Company has decided not to invest considerable funds and time into the construction and certification of an EU-GMP facility in the current phase of its development. Hellenic will instead concentrate on the cultivation and supply of GACP flowers to its EU-GMP certified distributors, saving the Company considerable time and expense. This again shows the evolving nature of the European cannabis markets.

The Company will release more details of its adapted cultivation strategy in due course.

#### **Cost savings**

In addition, since the Company's last business update, Hellenic Dynamics has managed to secure significant discounts from its equipment suppliers and has also managed to secure unused second hand equipment, where possible, to keep costs as low as possible while ensuring all equipment is of the highest and modern standards throughout the facility.

The Company already benefits from a relatively low cost of power, however Hellenic Dynamics is in advanced discussion with suppliers of solar energy from within Greece to further reduce its cost base. This potential new supply should bring the Company's energy cost down even lower and provide a unique advantage to its business model.

The Company will update the market on progress with this development in due course.

#### **Davinder Rai, CEO of Hellenic Dynamics, commented:**

*"Having evaluated the rapidly changing dynamics of the European medical cannabis markets and seen the challenges and issues that have confronted other cultivators we are adapting our growth strategy to take advantage of opportunities which are emerging as a result of such changes. Our approach will now involve harnessing the scale, low operating cost and expertise at our growing facility to service the burgeoning demand from end use customers in our target markets. I personally believe this strategy is the most disruptive thing to happen to the industry since its legalisation "*

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

The Directors of the Company take responsibility for this announcement.

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#### **About Hellenic Dynamics plc**

Founded in 2019, Hellenic Dynamics is specifically focused on the cultivation and supply of THC

("tetrahydrocannabinol") - dominant strains of medical cannabis flowers, destined for the growing medical cannabis markets across Europe. Hellenic Dynamics' core strategy is to develop and operate its 40,000 square metre active cultivation licence from its 195,506 square metre facility located near Thessaloniki in Northern Greece. In full production, Hellenic Dynamics is capable of producing over 54,000 kg of dried flowers per annum.

Hellenic Dynamics will take advantage of its relatively low cost base resulting from a comparatively low cost of power, having its own running water supply and the labour rates for skilled and semi-skilled labour in Northern Greece.

25 European countries now allow medical cannabis via prescription and the European cannabis market is expected to reach €43.3 billion per annum by 2027. Sales of Hellenic Dynamics' dried THC-dominant cannabis flowers and extracts are initially intended for export into Europe's largest market - Germany, in addition to other European markets including domestically in Greece.

As the first medical cannabis cultivator to obtain a listing on the main market for listed securities of the London Stock Exchange, Hellenic is significantly different to the number of CBD (Cannabidiol) related companies that have appeared over the recent years. Hellenic Dynamics cultivates THC-dominant medical cannabis flowers. THC-dominant medical cannabis products are only available via a medical prescription. Medicinal cannabis has been approved for use both in the United Kingdom and Germany, plus 23 other European countries, for conditions including but not limited to chronic pain, intractable chemotherapy-related nausea, anxiety, insomnia, Tourette's syndrome, substance use disorder, multiple sclerosis, IBS, spinal cord treatment, lack of appetite due to HIV/AIDS, cachexia, anorexia and glaucoma.

#### **Caution regarding forward looking statements**

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

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