

2 July 2024

Hellenic Dynamics plc
("Hellenic Dynamics" or the "Company")
Facility, Cultivation and Medical Cannabis Market Update

London, 2 July 2024, Hellenic Dynamics plc (LSE: HELD), a medical cannabis cultivator with a dedicated focus on producing tetrahydrocannabinol ("THC") dominant strains of medical cannabis flowers for the fast-growing global medical cannabis markets, provides the following updates:

1. The Facility, cultivation and business model

During Q4 of 2023, the Company completed its Phase 1 fit out of its 195,506 square metre medical cannabis facility (the "Facility") which included:

- the installation of all utilities including new water pump houses;
- connection of water to all buildings;
- the installation of a second power substation and additional power connections to all buildings;
- the construction and fit out of a new fertigation building utilising Priva technology;
- the installation of a reverse osmosis machines for the pumping of treated water and nutrients to all cultivation buildings;
- and
- the completion of one bunker for flowering, and one bunker for flowering and the cultivation of clones from selected mother plants using Fluence, OC Agri and Mitsubishi equipment among others.

During the course of 2024, the Company has continued to develop the Facility through the installation of Ultraviolet pass boxes in each of its flowering, and flowering and mother rooms (being specific parts of the Facility dedicated to the cloning of original genetic material of any cultivator to go onto cultivation) to minimise any potential contamination including microbiology. In addition, Hellenic Dynamics has installed pharmaceutical-grade air showers throughout all cultivation buildings for personnel decontamination, again to minimise contamination. These measures help to guarantee a very high standard of microbiology controls, which is essential to allow for the production of a consistent pharmaceutical-grade medical cannabis product.

The Company initially intends to cultivate from two bunkers covering a total area of 600 square meters and together are capable of producing up to 75kg of medical cannabis flowers per cultivation cycle and the Company anticipates six cultivation cycles per annum. Prior to the Company being in a position to commence commercial cultivation the Company needs to complete works to its post-harvest area which involves the installation of prefabricated internal walls to the nominated existing building on the facility along with the insulation of heating, ventilation and air-conditioning ("HVAC") and drying equipment ("Works").

In a situation where an in-house post-harvest area needs to be completed and in order to complete the Works to bring the Facility to a stage where commercial sales and cultivation can commence the Company will need to raise additional funds of approximately £1.25 million (in addition to the £1 million long term loan announced on 22 April 2024) split as to approximately £600,000 for the Works and approximately £650,000 for general working capital purposes assuming the Works are completed within a four month timeframe.

It is expected that the Works should take approximately four months to complete once sufficient funds have been raised. Once the Works have been completed, the Company will be in a position to commence commercial cultivation where it expects to be able to achieve approximately six cultivation cycles per annum producing circa 450kg of medical cannabis flowers per annum in this first phase from the two bunkers which are operational.

In order to expedite commercial cultivation, Hellenic is in advanced discussions pertaining to a partnership for a fully certified EU-GMP post-harvest facility in Greece. If the Company secures an agreement on suitable commercial terms, commercial cultivation could be brought forward by up to four months with commencement likely to occur Q3 2024, and reduce the funding required by over £600,000.

Following completion of the Works or partnership agreement, commercial cultivation of THC dominant strains of medical cannabis flowers is planned to take place and sold under a white label programme to the Company's identified licensed distributors, which in this phase and due to the higher sales revenues and other factors outlined below, will likely be domestically in Greece (prior to any revenues from the export of medical cannabis products), based on legislation changes outlined below. The bunkers represent cultivation areas outside of the Company's announced Product Outsourcing and Development ("POD") strategy.

The Company is however, also looking to progress its POD strategy in tandem with its own commercial cultivation. Under the POD strategy medical cannabis distributors can enter into a contract with the Company to have their own dedicated white label cultivation facilities by way of a Hellenic Dynamics POD where the cultivation is overseen by Hellenic Dynamics.

To date, the Company has not entered into any legally binding agreements in relation to its POD strategy. Prior to being in a position to enter into such agreements the Company is likely to need to complete the Works and build out the PODs in preparation for cultivation. The Company anticipates that the POD build out will cost approximately £1 million per POD and take eight months of construction and fit-out. Once the build out is complete, the Company will be able to move discussions forward with interested POD parties such as Deutsche Medizinalcannabis GmbH, which trades as Demecan Holding, which signed a MOU with the Company (announced in June 2023). It is anticipated that the Company will be in a position to move such discussions forward sometime during Q2 2025.

As announced on 11 October 2023, initial cultivation with the Company's partners had began, this included the adaptation of the facility to adhere with best cultivation methods, commercial cultivation will take place once the post-harvest area has either been constructed or the partnership for post-harvest EU-GMP certified use agreed.

2. Funding

As detailed above, the Company needs to raise a minimum of £600,000 in order to complete the Works, if an in-house post-harvest area is built and a sum of approximately £1 million in order to build out each POD as well as an additional circa £650,000 for general working capital purposes in order to bring the Company to a position where it is able to commence commercial cultivation.

The Company is currently in advanced discussions with a potential institutional investor for its funding requirement and the Company intends to update the market on this potential funding opportunity in due course.

In addition, the Company is anticipating to be in receipt of the €1 million long term loan announced on 22 April 2024 during the month of July 2024, representing a slight delay from the anticipated receipt in June 2024. The Company has been informed that such delay is due to anti money laundering procedures which need to be followed under French law, being the jurisdiction under which the loan agreement is subject.

Further to the announcement on 31 July 2023, announcing the Company's successful application of a European Union grant via the EU Horizon Europe project, and following the first instalment of the grant that was received in January 2024, the Company has made two further Greek domestic grant applications, totalling approximately €499,000 and €599,000 respectively. At present, the Greek government is conducting a review of the submitted application documents, and further information regarding the application process and the status of these grants will be released to the market in due course.

3. Nine Lions Bioscience Corp

Hellenic Dynamics announced, on 29 September 2023, that it had exclusively partnered with Nine Lions Bioscience Corp ("Nine Lions"), a Canadian cannabis genetics breeder with over 25 years of experience in the industry, to cultivate and sell strains of THC dominant strains of medical cannabis on a European exclusive basis.

Nine Lions grows tissue cultures to ensure a microbiology free product is provided to Hellenic Dynamics. Having completed the test phase of product identification and cultivation, once the Facility is complete, Hellenic Dynamics will be able to commercially cultivate dominant THC flowers specific to the production identification made in each of the Company's target markets. This strategic alliance also positions the Company for success in Greece's burgeoning domestic market, facilitating its existing supply agreements along with expansion into new territories.

4. Medical cannabis developments in Europe

The Company notes recent developments in passing of legislations and relaxing of restrictions pertaining to the use, prescription and distribution of medical cannabis in several European countries.

Greece

In 2021 the Greek Government banned the import of medical cannabis products, in their final state, for domestic consumption, making it impossible for Greek patients to obtain products with a THC content exceeding 2%, favouring the supply of domestic only products from domestic cultivators. However, at that time, legislation did not exist for patient prescriptions for medical cannabis products.

As of February 2024, the Greek government passed legislation allowing the first medical cannabis products to be made available via prescriptions to patients throughout Greece, as a legal treatment to help target conditions including nausea and vomiting, chemotherapy, radiotherapy, combination therapy against HIV or hepatitis C, chronic pain, spasticity associated with multiple sclerosis and spinal cord injuries, and as an appetite suppressant in palliative care. This change in legislation was led by a petition that was started in 2017, signed by over 45,000 mothers of children with severe epilepsy allowing medical cannabis to be prescribed to treat a limited number of medical conditions.

Greece now has a full regulatory framework for the prescription of medical cannabis products, where once a prescription has initially been granted by a specialist doctor, they can then be re-prescribed by other doctors every six months (following a reevaluation of the treatment by a specialist).

As a domestic only market, prices for patients are approximately €16.50 per gram (based on purchase prices of €82.96 for a 5 gram package, or €165.91 for a 10 gram package), and with very limited supplies and high demand, Hellenic Dynamics is looking to capitalise on this new domestic market which represents a significantly higher wholesale price to other licensed distributors. The Company is in active discussions for the supply of high THC products within this new market, where there is presently only a CBD/THC balanced product available on the market.

Germany

In April 2024, Germany reclassified medical cannabis as a prescription medication, effectively removing it from the country's Narcotics Act. The regulatory adjustment to Germany's legislation will help simplify the process for patients to obtaining prescriptions and opens up new avenues for patient accessibility. Post-reclassification, the estimated demand for medical cannabis is projected to surpass 400,000 kg annually.

Davinder Rai, CEO of Hellenic Dynamics, commented: "The Company has always taken a forward thinking approach to the ever-changing medical cannabis industry, be that opting to be a fully indoor cultivator, which I believe is the only viable long term option for cost savings and the best option for a consistent saleable product. In keeping with this mentality, I am hopeful of success in the advanced discussions with our EU-GMP post-harvest partner along with the security of raising funds in line with the advanced discussions we are currently engaged in. This will allow the Company to begin commercial cultivation. With the opportunity of a domestic market in Greece where sales prices are more than double export prices and devoid of imports, I do believe we have taken the right decisions throughout operations and these hopefully will bear significant fruit in the long term. I look forward to updating the market in due course "

The Directors of the Company take responsibility for this announcement.

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.

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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 global medical cannabis markets. 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.

29 European countries now allow medical cannabis via prescription and the European cannabis market is expected to reach \$7.25 billion per annum by 2029. Sales of Hellenic Dynamics' dried THC-dominant cannabis flowers and extracts are initially intended for export into Europe, in addition to other international markets and 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 Dynamics 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 24 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.

For further information please visit our website www.hellenicdynamics.com

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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