

Project: Pharmaceutical Cannabis

Location: 3 Locations in Greece: Larissa, Thessaloniki and Mesologi.

The Market:

Global Market Overview

Legal cannabis sales around the globe are estimated to reach \$30 billion this year, a 40% increase comparing the sales in 2020. Predicted by analysts that the global sales will have steady percentage of increase by 15 to 20% annually, eventually topping a global sales figure of \$60+ billion by 2025-2026. This growth is mostly driven by expansion in the US market, EU countries one-by-one legalizing the use of as it is defined in Europe pharmaceutical cannabis and world-wide new markets like Australia, New Zealand, Israel, Canada and others. The existing markets from 2020 are continuing to boast sales in 2021 as well, averaging a 25% growth. As the non-US markets mature to the US level, this drives the expectations of investors to participate in this highly perspective herbal pharmaceutical production facilities.

EU production markets benefits

EU production of pharmaceutical cannabis dry flower and extracts is constantly rising and expanding, as new countries allow cultivation and post-harvest processing for high or balanced THC strains. In parallel, the pharmaceutical use of cannabis products is rapidly increasing in the existing and new markets that legalized the adult-use. The highest prices per gram or ml of dry flower/oil(extracts) is reached in EU counties that have subsidized the cannabis products through the health care system. Another significant benefit of a EU based pharmaceutical production site is the fact that the European Union (EU) has signed mutual recognition agreements (MRAs) with third-country authorities concerning the conformity assessment of regulated products. Such agreements contain a sectoral annex on the mutual recognition of good manufacturing practice (GMP) inspections and batch certification of human and veterinary medicines. EU has signed MRAs with the following countries: Australia, Canada, Israel, Japan, New Zealand, Switzerland and USA.

MRAs are trade agreements that aim to facilitate market access and encourage greater international harmonization of compliance standards while protecting consumer safety. These agreements benefit regulatory authorities by reducing duplication of inspections on each other territory, allowing for greater focus on sites that could have a higher risk and broadening the inspection coverage of the global supply chain. They also facilitate trade in pharmaceuticals because they reduce costs for manufacturers by reducing the number of inspections taking place at facilities and waiving re-testing of their products upon importation.

Greece production, export and distribution strength, opportunities, and potential

As one of the oldest members of the European Union, Greece has legalized the production, export and distribution of pharmaceutical cannabis products, without any limits to the percentage of active substance (cannabinoids) nor limits to the size of the facility or quantities produced. The initial 2017 legislation was significantly improved with the 2020 changes, allowing the wide spectrum of export products and liberalizing the export to the highest level up to date. In this manner, the exports from Greece are defined by the import license of the buyer from the country of destination, whatever the buyer requests and gets import license for, it can be produced and exported from Greece with no delays.

Greek licensing process consists of two major steps, Initial Installation License and when facility is finished and commissioned, Operational License. After the initial operation step, the certification process begins up to obtaining EU GMP (Good Manufacturing Practice) and Market Distribution Authorization for API

(Active Pharmaceutical Ingredients) or Finished Formulated Pharmaceutical Products. Another main benefit of the Greek pharmaceutical cannabis legislation is the requirement of full scope in-house production, cultivation under GACP(Good Agricultural and Collection Practices) standards, dry flower EU GMP allowed export and distribution(up to 30 grams packaging), any type of extracts, crude, winterized, standardized or purified cannabis oil with no formulation limitation to THC, CBD or any other cannabinoids, up to distillate or isolate, full QC(Quality Control) laboratory for in-process controls and keeping the highest pharmaceutical standards on daily operational bases.

As a critical part of any pharmaceutical project, required personnel, Greece has a wide choice of trained skilled and experienced personnel available to fill in the GACP and GMP mandatory job positions. Climate advantages also apply to the greenhouse cultivation process and significantly lowers the OPEX.

The Project:

We focus on 3 projects in three different locations and in three different license maturity stages:

1. Larissa Project:
 - High density cultivation
 - 6 Growing Cycles per year
 - Annual production capacity: 2.6 tons of THC Oil
 - Estimated first product delivery: Q3 2023
2. Kilkis (Thessaloniki) Project:
 - High density cultivation
 - 5 Growing Cycles per year
 - Annual production capacity: 21 tons of dry flower
 - Estimated first product delivery: Q4 2022
3. Aitoliko (Messologi) Project:
 - High density cultivation
 - 5 Growing Cycles per year
 - Annual production capacity: 21 tons of dry flower
 - Estimated first product delivery: Q2 2022

The cultivation and processing facility is located in Western Greece, in a privately owned area of about 16.000 m² and has a production capacity of about 21.000 kilos of dry inflorescence per year. Included is a 2.000 m² of EU GMP compliant processing facility enclosing the in-house laboratory which will ensure the compliance, stability and quality assurance of the products.

Budget and economic Figures:

Total Project Budget:	60.000.000 €
Equity by AENAOS LLC:	20.000.000 €
Leverage:	40.000.000 €
Expected EBITDA:	40.000.000 €

Current Status:

1. The Larissa Project: Very well studied, excellent location, mid licensing stage. MOU with FN Development IKE.
2. The Kilkis Project: Fully licensed and built, ready for production. MOU with FN Development IKE.
3. The Aitoliko Project: Fully licensed, 70% built. Initial Understanding with FN Development IKE.

To Do:

- Due diligence for each project (technical, legal, financial, through the d.d. of FN)
- Establishment of new sector (Pharmaceutical Cannabis)
- Organization of the Sector Experts Committee
- Acquisition of the projects