For personal use only

MARCH 2022

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

LARGEST OFFTAKE AGREEMENT TO DATE SIGNED

ACHIEVEMENT OF NUMBER OF KEY GROWTH STRATEGY MILESTONES

AUSTRALIAN FACILITY UPGRADE COMMISSIONED AND DENMARK FACILITY OPTIMISED



Highlights

- LGP signs its largest offtake agreement to date with long-standing foundation distribution partner Demecan in Germany, representing an annual revenue opportunity of ~$9 million (€6 million[1]) post ramp-up for its Danish facility
- LGP Denmark wins its first Italian tender, the sole route into the Italian flower market
- New patient growth rate in Australia increased 18% for the quarter
- Global sales momentum with supply pathways into 7 European countries and access to over 65% of EU and UK citizens
- Ethics approval obtained to commence QUEST Global Initiative following the completion of the highly successful first QUEST Initiative
- LGP launches two new portals connecting eligible patients with prescribers and providing direct online delivery of product to patients in Australia
- Investment in LGP Denmark facility and genetics program results in the doubling of the yield per plant in the upgraded grow rooms without increased cultivation costs
- Australian manufacturing facility expansion completed and commissioned
- Psychedelics business demerger progresses, indent licence obtained and psilocybin clinical trial protocol development nearing completion
- Revenue of $3.2 million (unaudited) representing an increase of 30% from previous corresponding period
- GMP facility commissioning impacted international flower sales – sales momentum to resume in line with previous quarters
- Cash in bank of $20.1 million at end of Quarter

[1]AUD:EUR 0.67 (as at 28 April 2022)

Head Office PO Box 690, West Perth WA 6872 | **T** + 61 8 6280 0050 | **E** info@littlegreenpharma.com | littlegreenpharma.com

Little Green Pharma Ltd (ASX: LGP, "**LGP**" or the "**Company**") is pleased to provide its quarterly activities report and Appendix 4C for the period ending March 2022.

For personal use only

Revenue and cash receipts

During the Quarter, the Company generated revenue of $3.2 million (unaudited) and cash receipts of $3.0 million, representing increases of 30% and 100% respectively from the previous corresponding period despite the required shutdown of the Australian GMP facility during commissioning which resulted in limited international flower sales, with international sales momentum expected to resume in line with previous quarters.

Australian patient and prescriber results

During the Quarter, the Company's new patients increased by estimated 18% compared to the prior quarter despite a decrease in Australian SAS B approvals over the same period of 8% and the completion of the Quest Initiative. The number of new prescribers prescribing LGP products was consistent between quarters at 118 for this quarter compared to 117 for the prior quarter.



Global sales update

During the reporting period, LGP made significant inroads on its strategy of developing client-specific strains for exclusive distribution partners in Europe while continuing to roll-out its own LGP-branded sales into Europe and the UK.

Germany

In April 2022, LGP Denmark signed a milestone exclusive sales agreement with its long-standing distribution partner Demecan in Germany (see ASX announcement dated 19 April 2022). The agreement requires Demecan to purchase 450 kilograms per annum for each of the three cannabis flower products post-ramp up to maintain product exclusivity in Germany.

With a potential annual revenue of $9 million (€6 million[2]) post-ramp, the agreement is LGP's largest offtake agreement to date and represents a significant success milestone in the Company's European and UK strategy. Demecan also has a right of first offer to purchase the agreed strains for exclusive supply in the remainder of the European Union (other than Poland).



Post-reporting period, AMP Medical Products also took delivery of its first LGP-branded oil products in Germany (see ASX announcement dated 19 January 2022).

Italy

During the Quarter, LGP was awarded a ~€200,000 Italian government tender to deliver a shipment of EU GMP medicinal cannabis flower from its Danish Facility to Italy (see ASX announcement dated 18 February 2022). The tender represents the only route for cannabis flower products into Italy and imposes some of the highest quality standards globally, with LGP being one of only two suppliers bidding for the tender and with only Aurora having been successful in the past. LGP anticipates its success in the tender will help position it well for any upcoming tenders, one of which is expected in the near term for a significantly larger volume.

Portugal

In March 2022, LGP signed a three-year agreement for the non-exclusive supply of LGP's Desert Flame and Billy Buttons products to Alkannoli LDA ("**Kannoli**") in Portugal, with marketing authorisations currently being sought for the products. Kannoli is also responsible for transporting the products to Portugal, with a minimum order size of 10kg per product post-ramp-up period.

With the signing of its supply agreement with Kannoli, LGP now has supply pathways into UK, Germany, France, Italy, Poland, Denmark and Portugal and access to over 65% of EU and UK citizens.

[2]AUD:EUR 0.67 (as at 28 April 2022)





France update

The Company continues to be the predominant supplier of medicinal cannabis products to the French pilot program (see ASX announcement dated 27 January 2021). LGP has been consolidating its close relationship with its distribution partner Intsel Chimos in anticipation of the legalisation of medicinal cannabis in France early next calendar year. With this in mind, LGP has also been broadening its presence through a separate clinical study into the treatment of HIV symptoms in patients conducted with the Centre Hospitalier Regional d Órleans (see further details below).

After making detailed submissions on medicinal cannabis production as requested by the ANSM, the Company and Intsel Chimos have been invited to consult in early May to France's Interim Scientific Committee, charged with reviewing the post-trial arrangements for the cultivation and use of medicinal cannabis in France.

Greece update

During the period, LGP signed a four-year distribution agreement with PharmaServe in Greece, with PharmaServe subsequently informing the Company that the Greek Government had introduced legislation which would make the lodging of a marketing authorisation for THC products manufactured outside of Greece challenging and as such, it is unlikely that one will be lodged while the current legislation is effective. This does not apply to CBD products but given the current market in Greece, this would be a limited opportunity in the Company's opinion. As such, while the agreement may still be in place, it is not expected to generate revenue in the near term.

Denmark operations

During the Quarter the Company progressed its genetics program, which includes over 20 new cultivars, and started to see results from its capital expenditure program. These results include the doubling of the yield per plant in the upgraded grow rooms with no commensurate increase in cultivation cost per plant. There was also a reduction in the headcount during the period which will result in savings of approximately $1 million in labour costs per annum going forward.



Australian operations

During the Quarter, the Company completed the expansion of its GMP manufacturing facility and commenced its commissioning. This expansion is intended to enable the Company to produce over-the-counter Schedule 3 cannabis oil products once they have been registered.





Online delivery

During the period, LGP launched its online medicinal cannabis delivery platform. This platform streamlines the ordering and delivery process, with products being delivered directly to patients' homes within 1 –2 days following script submission: https://orders.littlegreenpharma.com.

In support of this, the Company also launched LGP Connect, an online tool designed to provide eligible patients with one-on-one support from LGP's Customer Care Team to assist with prescriber bookings or information on accessing medicinal cannabis more generally.

For personal use only

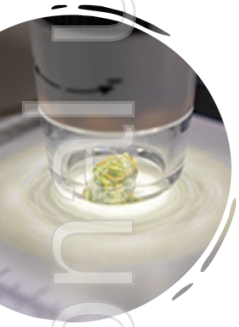




QUEST Global Initiative

LGP's Australian QUEST Initiative completed recruitment in December 2021 with the first of the 3-month analysis milestones anticipated to be completed in the coming weeks and study findings to be published in peer-reviewed scientific journals.

Following the success of its QUEST Initiative, LGP has sought and obtained ethics approval to sponsor QUEST Global, a further study focusing on the health economic impacts of using medicinal cannabis to treat chronic disease. QUEST Global is expected to commence Australian recruitment in CY2022 with the option to roll-out QUEST Global into Europe and UK subsequently.



Additional research

The Company recently partnered with Queensland University of Technology to evaluate the efficacy and safety of its LGP Classic 10:10 and 1:100 in the relief of symptoms associated with advanced cancer in patients under 21 years old (e.g., pain, anorexia, insomnia, and anxiety).

LGP has also partnered with renowned infectious disease expert Dr Thierry Prazuck and his team at the Centre Hospitalier Regional d Órleans in France to conduct a clinical trial into the treatment of symptoms and inflammation of French patients living with HIV using LGP Classic CBD50.

Update on psychedelics business

During the reporting period, the Company announced its intention to demerge its psychedelics business into a separate unlisted entity named Reset Mind Sciences Limited ("**Reset**"). This demerger is to be implemented by way of a pro-rata in-specie distribution of 100% of the Company's ownership of Reset to eligible LGP shareholders, who will also be offered the opportunity to participate in an entitlement offer to fund Reset's operations.

The Company has advanced the documentation and processes associated with the demerger, including prospectus and notice of meeting preparation, contractual arrangements between LGP and Reset, independent accountant report and associated audit and has also engaged with the Australian Tax Office seeking to confirm the expected CGT rollover relief tax treatment arising from the demerger. LGP expects to complete the process in the September quarter.

In addition to progressing the demerger process, Reset commissioned construction of a stand-alone grow room for psilocybin mushrooms which will be co-located at LGP's existing facility. It also received an indent licence by the West Australian Department of Health authorising it to supply psilocybin to appropriately licensed recipients in anticipation of its West Australian based clinical trial into psilocybin assisted psychotherapy. The trial protocol for the proposed clinical trial has nearly been completed.

New products

During the Quarter LGP launched a new cannabis flower product, LGP Flower CBD 14 - Sky Mist, a Sativa dominant hybrid with 14% CBD, into the Australian market; as well as launching its new Billy Buttons 19% THC product alongside its existing Billy Buttons 16% THC medicine. The Company currently has over 20 cultivars in varying stages of development creating a strong pipeline of new products to bring out in the coming periods to support its range of non-flower products.



For personal use only

For personal use only

Legislative changes affecting Australian medicinal cannabis



During the period, the Therapeutic Goods Administration ("**TGA**") announced that from 1 July 2023, Good Manufacturing Practices ("**GMP**") quality requirements for offshore manufacturers of medicinal cannabis products will apply. This change will help close the current compliance gap between GMP-certified Australian producers and offshore suppliers as well as restrict the import of products from unregulated jurisdictions. The TGA now also requires SAS B or Authorised Prescriber approval in connection with any medicinal cannabis products dispensed by compounding pharmacies, essentially closing the loophole which previously existed.

Quarterly financial highlights

During the Quarter, the Company generated revenue of $3.2 million (unaudited) and cash receipts of $3.0 million.

The key cash flows during the Quarter included:

- Customer receipts of $3.0 million;
- Capex of $1.8 million associated with the GMP facility expansion in Australia and lighting and automation equipment in Denmark;
- Exercise of 3.5 million Director options raising $1 million;
- Proceeds from borrowings of $3.8 million; and
- Abnormal or one-off payments associated with:
  - QUEST distribution costs of $0.5 million;
  - Government deferred PAYG tax from March 2021 in Denmark of $0.4 million;
  - Increased power costs associated with the Danish facility due to an increase in the electricity spot price resulting in approximately $0.4 million additional costs above normal; and
  - Fees related to the R&D rebate, import taxes and payroll tax of $0.5m.

Related party transactions during the Quarter comprised $0.2 million in remuneration and allowances paid to the directors of the Company.

The Company finished the Quarter with cash in bank of $20.1 million.

Change in financial year

During the Quarter, LGP also aligned its financial year with its Danish operations, from 1 July – 30 June, to 1 April – 31 March. Consequent to that change, LGP plans to release its full year accounts in late May 2022 and hold its Annual General Meeting in mid-August 2022.

Appendix One

The Company completed its IPO in February 2020 and in accordance with the ASX Guidance Note 23, Appendix One to this report sets out the use of funds since admission to the ASX.

ENDS



BY ORDER OF THE BOARD

Alistair Warren
Company Secretary

For further information please contact:

Alistair Warren
Company Secretary
Little Green Pharma
E: a.warren@lgp.global
T: +61 8 6280 0050

Fleta Solomon
Chief Executive Officer
Little Green Pharma
E: f.solomon@lgp.global
T: +61 8 6280 0050

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 21,500m^2 cultivation and 4,000m^2 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

For personal use only

For personal use only

Little Green Pharma Ltd

Appendix One to the Quarterly Activities Report

31 March 2022

Reconciliation of the Use of Funds Statement from the Prospectus

	Prospectus Use of Funds	Total Funds used to 31 March 2022^	Fund used in the March 2022 Quarter^
	$A'000	**$A'000**	**$A'000**
Sales and Marketing	1,650	4,995	832
Research and Development	1,500	4,093*	564*
Systems implementation	1,500	1,011	116
Manufacturing site expansion	1,500	1,543	-
Education activities	1,000	1,438	198
Regulatory compliance	500	2,877	527
International office costs	500	570	48
Inventory build up	850	844	-
Costs of the Offer	1,000	1,223	-
Total Use of Funds	**10,000**	**18,594**	**2,285**

*R&D is shown on a gross basis and excludes the R&D tax incentive

^ Note that funds received from income have also been attributed to these expense categories.

Pursuant to ASX Guidance Note 23, this quarterly activity report sets out a comparison of the actual expenditure on the individual line items in the "use of funds" statement since the date of admission to the ASX against the prospectus lodged with ASIC in December 2019.

The variance in relation to the costs of the offer relates to higher than anticipated costs in relation to the preparation and drafting of the prospectus with a portion of the variance in relation to the regulatory compliance relating to costs associated with insurance, licencing and permitting. The other variances relate to the Prospectus Use of Funds being expected expenditure for the 12 months post IPO compared to the Total Funds Used to 31 March 2022 being for a period of 25 months.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

For personal use only

Name of entity	
Little Green Pharma Ltd	
ABN	**Quarter ended ("current quarter")**
44 615 586 215	31 March 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	3,014	9,454
1.2	Payments for		
	(a) research and development	(1,313)	(2,626)
	(b) product manufacturing and operating costs	(4,687)	(11,443)
	(c) advertising and marketing	(415)	(1,496)
	(d) leased assets	(2)	(6)
	(e) staff costs	(3,614)	(9,938)
	(f) administration and corporate costs	(933)	(2,386)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	13
1.5	Interest and other costs of finance paid	(5)	(35)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	1,933
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(7,951)**	**(16,530)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	(209)
	(b) businesses	-	-
	(c) property, plant and equipment	(1,929)	(8,170)
	(d) investments	-	-
	(e) intellectual property	-	(20)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	24
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(1,929)**	**(8,375)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,050	1,050
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	3,770	3,770
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(67)	(202)
3.10	**Net cash from / (used in) financing activities**	**4,753**	**4,618**

For personal use only

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	25,170	40,269
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,951)	(16,530)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,929)	(8,375)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,753	4,618
4.5	Effect of movement in exchange rates on cash held	56	117
4.6	**Cash and cash equivalents at end of period**	**20,099**	**20,099**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	18,099	23,170
5.2	Call deposits	2,000	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**20,099**	**25,170**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	204
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Payments to related parties solely represents remuneration and allowances paid to Directors of the Company.

For personal use only

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	5,770	3,770
7.2	Credit standby arrangements	60	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	5,830	3,770
7.5	**Unused financing facilities available at quarter end**		2,060

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The loan facilities relate to the Company's unconditional approval for:

- business markets loan with the National Australia Bank Ltd ("NAB") of A$3.77 million, with a drawn rate of 3.79%, maximum three year term and is secured by registered first mortgage on the Company's south-west property complex; and
- equipment finance revolving facility with the NAB, with a variable interest rate, a limit of A$2.00 million and is secured by a chattel mortgage over the underlying equipment.

The credit standby arrangements relate to the Company's credit card facility with the National Australia Bank ("NAB") at a variable interest rate and an unspecified term. As part of this facility, the NAB holds a $60,000 term deposit as security.

When LGP acquired Little Green Pharma Denmark ApS on 21 June 2021 it also took on LGP Denmark's Loan Note due to Canopy Growth Corporation. The Loan Note has an effective interest rate of 5%, is denominated in Canadian dollars, has an amortised cost of A$11.4 million and is due for repayment on 30 June 2022. This Loan Note is secured by the assets of the Danish operations.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(7,951)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	20,099
8.3	Unused finance facilities available at quarter end (Item 7.5)	2,060
8.4	Total available funding (Item 8.2 + Item 8.3)	22,159
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**2.8**

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

For personal use only

3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A	

For personal use only

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022

Sign here: ……

Alistair Warren

(Company Secretary)

Authorised by: The Board

For personal use only