

## ASX ANNOUNCEMENT

DECEMBER 2022

# QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Record cash receipts and strong growth in Australian flower sales

Ethics approval for Schedule 3 CBD clinical trial

Successful \$4.0 million placement

### Highlights:

- Record quarterly customer cash receipts of \$6.0 million
- Strong growth in LGP Danish flower sales in Australia
- Successful \$4.0 million placement, with applications up to \$2.0 million SPP closing today, Monday 16 January 2023
- Ethics approval granted for Schedule 3 CBD product clinical trial
- Second exclusive supply agreement with Cannamedical for SMS strain in Germany
- Wins Australian 60th National Export Awards (International Health category)
- Cash in bank at end of quarter of \$7.1 million including placement funds

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 31 December 2022.



## Revenue and cash receipts

During the quarter the Company achieved \$6.0 million in customer cash receipts, up over 35% from the \$4.4 million in the previous quarter, and revenues of \$5.3 million (unaudited), up from \$4.9 million (unaudited) in the prior quarter and up from \$3.7 million (unaudited) from the prior corresponding December quarter. This was achieved despite missing the quarter end cut-off for the delivery of a \$0.4 million shipment to Demecan which was instead delivered in early January 2023.

This revenue growth was generated in part by a 20% increase in Australian flower sales from the prior quarter despite the Company only receiving its first shipment of new Danish flower strains in late November, and a 10% increase in Australian oil sales. The Company's flower sales to Demecan decreased in the quarter due to the missed shipment date, which if delivered would have resulted in a 65% increase in Demecan sales on the prior quarter.

## Successful \$4.0 million Placement and SPP closing on 16 January 2023

In November 2022, the Company successfully closed its \$4.0 million placement to institutional and professional investors, and launched its \$2.0 million Share Purchase Plan ("SPP") with applications closing today, Monday 16 January 2023 at 5pm (AWST). The SPP entitles eligible shareholders to purchase up to \$30,000 worth of LGP ordinary shares at an issue price of \$0.20 per share together with a free-attaching option with an exercise price of \$0.25. Proceeds under the SPP will be used by the Company to support its sales commitments in Europe and Australia, provide general working capital, and meet the costs of the offer.

## Sales update

In November 2022, the Company's position in the medicinal cannabis export space was recognised by its success at the Australian 60th National Export Awards (International health category), following its earlier win at the West Australian Export Awards. More information on the Awards can be found here:

<https://www.exportawards.gov.au/>

### *Danish flower sales in Australia*

In late November 2022 the Company delivered its first shipment of new strains from Denmark to Australia with its second shipment arriving in late December. The market reception has been excellent, with the three new strains generating over \$0.5 million in revenue in the 5 weeks to the end of the quarter. With flower estimated to represent over 70% of the Australian market the Company is expecting significant growth within this segment of its portfolio.



### *European sales update*

In December 2022, following the termination of its contract with Four 20 Pharma, the Company swiftly placed its SMS strain with another existing distribution partner in Germany, Cannamedical Pharma GmbH, under a second exclusive supply agreement valued at \$4.7 million (€3 million). LGP believes the agreement demonstrates the desirability of the SMS strain and the benefits of LGP's broad distribution partner base in Europe.

The Company also made good progress against its sales and deals pipeline as set out on page 4, with the first Denmark facility shipment to Demecan expected later this month following the recent grant of Demecan's import permit.

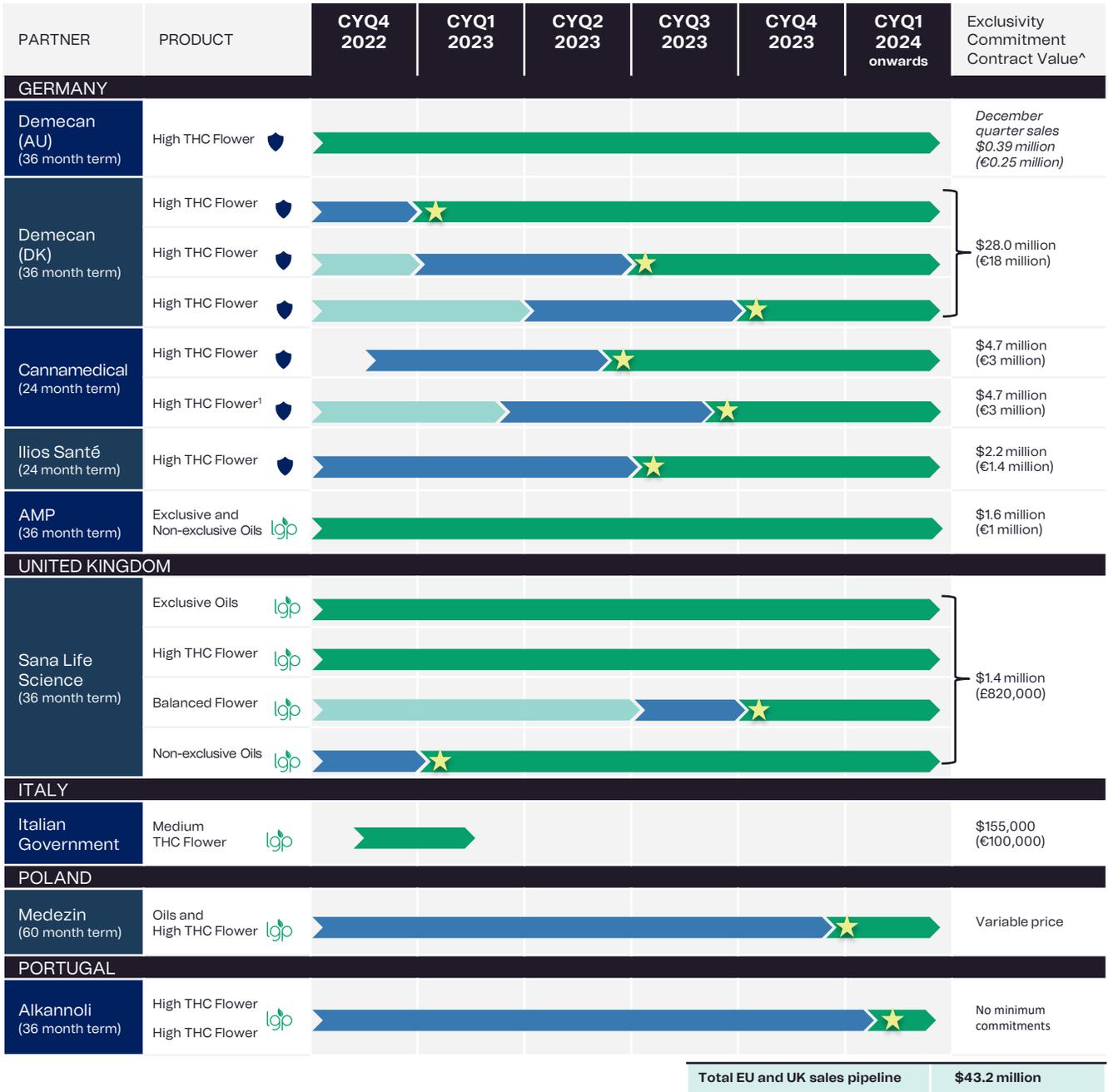
The Company continued to deliver into its Italian contract, though unfortunately despite being one of only two bidders to provide a conforming technical and regulatory dossier LGP was unsuccessful in the most recent government tender, with the award going to a Spanish medicinal cannabis supplier with a bid well below the cost of production.

The French Government has confirmed the extension of its medicinal cannabis trial until March 2024 with the regulator expected to provide further details in the coming weeks. With the completion of LGP's commitment in March 2023, the regulator has confirmed that the Company will remain on the trial advisory committee during the extension regardless of its participation status.

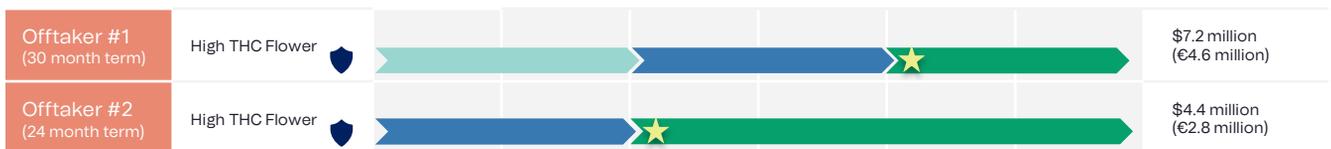
# European sales pipeline



LGP's European contracts require the purchase of minimum quantities to maintain product exclusivity in the territory, however no damages are payable if these minimum quantities are not ordered.



# European deal pipeline



<b>KEY</b>	Target development date	Target licensing Date	Target first shipment	Target sales period	White label products	LGP branded products
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<sup>^</sup> Assumes satisfaction of conditions precedent and minimum exclusivity purchase commitments over full delivery period. Target sales period includes any applicable ramp-up periods. Valuations exclude potential uncommitted sales, past deliveries and payments, and exclusivity fees payable by suppliers.

<sup>1</sup> Target sales period subject to acceptance of finally developed strain.

Exchange rates EU:AUD 1:644 and GBP:AU 1:570

## Research and innovation *update*

In November 2022, LGP secured Human Research Ethics Approval for its Phase III clinical trial ("**SleepWellStudy**") in support of its proposed Australian Schedule 3 CBD product registration for stress reduction and improved quality of sleep. LGP's proposed Schedule 3 CBD product development is part of LGP's wider product and drug delivery innovation strategy, with the Company now considering various funding and partnering options to progress its SleepWellStudy and Schedule 3 product registration. Schedule 3 (Pharmacist Only) products can be sold to Australian consumers over-the-counter ("**OTC**") without prescription. There are currently no OTC CBD products available in the Australian market.

Also during the quarter, the Company continued to make good progress regarding the medicinal cannabis HIV study being conducted as part of a collaboration between Centre Hospitalier Regional d'Orleans and Intsel Chimos in France. The trial is on track for completion by early February 2023,



with analysis and publication of results set to follow. Outcomes of this research will further advance LGP brand awareness and prescriber confidence in France and around the world.

In addition, the Company successfully progressed its novel-drug obesity trial at Curtin University. This trial involved examining (in vitro) the ability of selective phyto- and endo-cannabinoids to induce secretion of a powerful hormonal mediator known to inducing satiety, slowing down digestion, lower blood sugar and ultimately promote weight-loss. The results obtained so far have materially exceeded the Company's expectations through identification of several strong drug combinations which act in a synergistic way to induce a powerful release of the target hormone. The selection of the best combination has been decided based on the biological activity and taking into account patentability and the potential to progress to future human clinical trials.

## Reset Mind Sciences *update*

The Company's psychedelics focused subsidiary, Reset Mind Sciences Limited ("**Reset**"), is nearing completion of construction of its special purpose mushroom cultivation facility. Construction is now in the final fit out and commissioning phase at the construction contractor's site in Perth. Once completed the facility will be transported to LGP's existing West Australian cultivation site. Reset has continued with planning for cultivation activities which will commence once the facility is on site and has been commissioned.

Reset formally submitted for ethics approval for its clinical trial during the quarter and its submission has been considered at an ethics committee meeting. Reset has responded to the committee's questions and is awaiting further advice. Detailed planning for the trial has continued with a focus on therapist training which will occur during January 2023. Assuming the trial receives ethics approval, patient recruitment is expected to commence shortly thereafter.

The proposed demerger of Reset remains a priority with the ultimate timing of the demerger subject to prevailing market conditions. Upon the demerger Reset will reimburse LGP for certain costs it has incurred prior to the demerger.





## Regulatory *update*

From 1 July 2023, the Australian pharmaceutical manufacturing rules will change to require all medicinal cannabis products sold in Australia to be manufactured according to recognised GMP standards in one of eight jurisdictions.<sup>2</sup> Historically, Australia's pharmaceutical laws have tolerated the importation of non GMP medicinal cannabis products, which has in turn resulted in an over-servicing of the Australian market by importing sponsors and often in poor product manufacturing practices, standards and product quality, as well as shortages in individual product supplies.

With well-established supply pathways and a vertically integrated business with GMP facilities in

both Australia and Europe LGP believes this regulatory change will have a significant impact on the Australian industry, reducing the number of products, particularly at lower price points, and also creating challenges for groups who are not vertically integrated or already supplying through a GMP pathway.

### *TGA infringement notices*

The Company continues to review and appeal the infringement notices issued to it by the Therapeutic Goods Administration in September 2022 with the TGA agreeing to multiple extensions of time and currently until 20 January 2023.

## Quarterly financial *highlights*

During the quarter, the Company generated revenue of \$5.3 million (unaudited) and cash receipts of \$6.0 million. Cash receipts exceeded revenue due to the collection of outstanding receivables from the previous quarter and the receipt of deposits for product sales delivered in January. The key cash flows during the quarter included:

- Customer receipts of \$6.0 million
- R&D rebate of \$2.3 million
- Capital raise of \$4.0 million and associated fees of \$0.26 million
- Repayment of R&D financing of \$1.9 million
- Borrowings of \$2.0 million

During the quarter the Company raised \$4.0 million pursuant to a successful placement with institutional and professional investors with associated fees of \$0.26 million. The Company also launched its \$2.0 million SPP which is closing today, Monday 16 January 2023 at 5pm (AWST).

In addition to this, the Company received its annual R&D rebate of \$2.3 million which it used to repay its \$1.9 million R&D financing. The Company also drew down \$2.0 million from its equipment finance loan.

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

In early January 2023, the Company paid C\$0.5 million of its C\$3.6 million plus interest loan to Canopy Growth Corporation arising from its purchase of the Company's Danish Facility in 2021. The Company continues to discuss potential extension terms for the balance of the loan.

The Company finished the quarter with cash in bank of \$7.1 million including placement funds.



<sup>2</sup>Australian, EU, UK, US, Canadian, Israel, New Zealand and South Africa

**ENDS  
BY ORDER OF THE BOARD**



**Alistair Warren**  
Company Secretary

For further information please contact:

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Company Secretary

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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 21,500m<sup>2</sup> cultivation and 4,000m<sup>2</sup> 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](http://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](http://www.computershare.com.au/easyupdate/lgp)

## Appendix 4C

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

**Name of entity**

Little Green Pharma Ltd

**ABN**

44 615 586 215

**Quarter ended ("current quarter")**

31 December 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6,027	14,122
1.2 Payments for		
(a) research and development	(225)	(865)
(b) product manufacturing and operating costs	(4,415)	(11,270)
(c) advertising and marketing	(280)	(874)
(d) leased assets	(36)	(83)
(e) staff costs	(3,140)	(9,333)
(f) administration and corporate costs	(706)	(2,466)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	20
1.5 Interest and other costs of finance paid	(114)	(168)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	2,338	2,355
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(542)</b>	<b>(8,562)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	(8,558)
(c) property, plant and equipment	(214)	(1,375)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(214)</b>	<b>(9,933)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,000	4,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(264)	(264)
3.5	Proceeds from borrowings	2,000	3,862
3.6	Repayment of borrowings	(1,862)	(1,862)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(74)	(225)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,800</b>	<b>5,511</b>

<b>4.</b>	<b>Net increase/(decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,011	20,087
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(542)	(8,562)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(214)	(9,933)
4.4	Net cash from/(used in) financing activities (item 3.10 above)	3,800	5,511
4.5	Effect of movement in exchange rates on cash held	49	1
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,104</b>	<b>7,104</b>

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	7,104	3,011
5.2 Call deposits	-	1,000
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,104</b>	<b>4,011</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
221
-

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

**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.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
5,770	5,770
60	32
-	-
<b>5,830</b>	<b>5,802</b>
<b>7.5 Unused financing facilities available at quarter end</b>	<b>28</b>

- 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 following financing facilities are held with National Australia Bank Ltd:

- a loan of \$3.77 million with an interest rate of 3.79% and a three year term secured by registered first mortgage on the Company's south-west property complex;
- equipment finance of \$2.0 million with a variable interest rate secured by a chattel mortgage over the underlying equipment at the Company's south-west property complex;
- a credit standby arrangement relating to the Company's credit card facility which has a variable interest rate and an unspecified term. NAB holds a \$60,000 term deposit as security.

The Group is also party to a Loan Note to Canopy Growth Corporation in relation to the Little Green Pharma Denmark ApS acquisition on 21 June 2021. C\$7.5 million was repaid in July 2022 and a further C\$0.5 million in January 2023. A payment plan is currently being negotiated with regard to the remaining loan amount of C\$3.1 million plus interest at 8.57% per annum. This Loan Note is secured by the Danish operations.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(542)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	7,104
8.3 Unused finance facilities available at quarter end (Item 7.5)	28
8.4 Total available funding (Item 8.2 + Item 8.3)	7,132
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>13.2</b>

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

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

**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: 16 January 2023

Sign here:   
Alistair Warren  
(Company Secretary)

Authorised by: The Board