

ASX ANNOUNCEMENT

JUNE 2022

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Company achieves record Quarterly revenue of \$4.3 million and cash receipts of \$3.7 million

European developments highlight success of Company's EU strategy



Highlights:

- Strong growth in EU sales pipeline with new supply agreements with Four 20 Pharma and Ilios Sante and ramp up of deliveries to Demecan in Germany
- Aggregated potential value of LGP's German distribution strategy of \$35m over 3 years
- UK market traction with key Sana Life Sciences supply agreement
- Encouraging legislative developments in Germany, France and Spain expected to underpin next phase of European expansion
- Appointment of highly regarded former Director of Public and Regulatory Affairs at Bayer Spain, Ms. Beatriz Vicen Banzo, as independent non-executive director
- Growth of 109% for revenue (unaudited); over 50% for new patients; and over 70% for new prescribers compared to the previous 12 months
- Group right-sizing strategy implemented with 30% reduction in operating costs from previous quarter
- Significant progress in construction of psilocybin cultivation facility, development of trial protocol, and launch of new Reset Mind Sciences website
- Deferral of CAD 3.6 million of Canopy loan to 31 December 2022
- Cash in bank of \$17.6 million at end of Quarter

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 June 2022.

Revenue and cash receipts

During the Quarter, the Company generated revenue of ~\$4.3 million (unaudited) and cash receipts of ~\$3.7 million, resulting in total revenue for the 12-month period ending 30 June 2022 of \$14.6 million (unaudited). These revenue and cash receipts represent increases of 48% and 23% respectively from the March quarter and a 109% increase in revenue compared to the prior year.

The Company also started to see the results of its rightsizing initiatives with a 30% reduction in operating costs from the previous quarter, down from \$11.0 million to \$7.5 million, notwithstanding further increases in power prices in Denmark over this period. The Company continues to implement its right sizing program with further cost reductions expected into the current quarter.



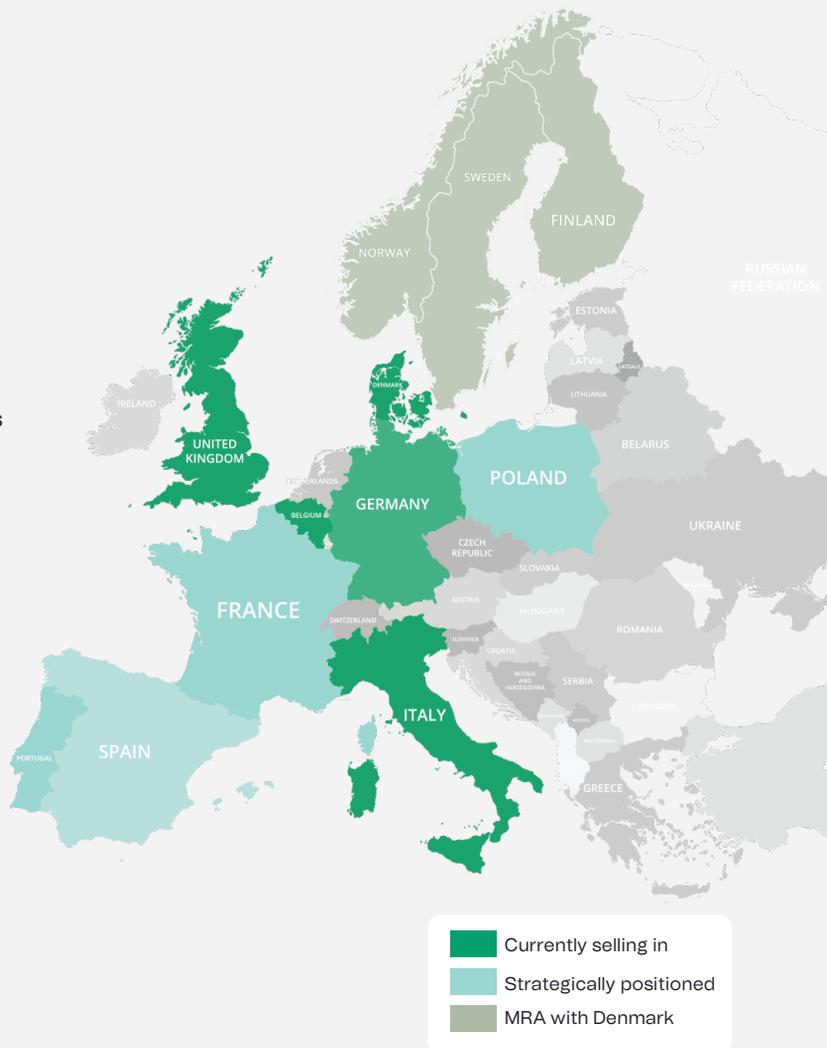
Appointment of new independent non-executive director

On 7 July 2022 the Company appointed Ms. Beatriz Vicen Banzo as an independent non-executive director of the Company: see ASX announcement dated 7 July 2022. Based in Barcelona, Ms. Vicen is a Former Director of Public and Regulatory Affairs, Quality Assurance, Market Access & Patient Advocacy at Bayer in Spain and a highly regarded and experienced international pharmaceutical regulatory executive. With her substantial Spanish and EU regulatory experience, Ms. Vicen's appointment to the Company Board and Audit & Risk Committee helps contribute significant additional pharmaceutical expertise at Board level and ensures LGP is fully compliant with all ASX Corporate Governance Principles and Recommendations (4th Edition). The appointment positions LGP well to respond to, and capitalise on, recent market developments in Spain: see *European market developments* below for further details.

Operations update

LGP has supplied or has existing investments in, or arrangements with, key partners for supply into 10 jurisdictions, being Australia, Germany, Italy, France, the UK, Denmark, Spain, Portugal, Belgium and Poland. This gives LGP access to 76% of EU and UK citizens.

During the Quarter, the Company generated \$4.3 million in revenue (unaudited) with \$0.75 million relating to product sold in Europe and \$3.55 million relating to product sold in Australia.



Australia

During the Quarter, new patient numbers increased to over 4,300, representing a ~15% increase compared to the prior quarter and over a 30% increase compared to the previous corresponding period. The number of new patients for the 12-month period ended 30 June 2022 was more than 16,200, representing over a 50% increase compared to the prior year.

The number of new prescribers prescribing LGP products was over 145 for the Quarter, representing a ~25% increase compared to the March quarter, and a 95% increase in new prescribers from the previous corresponding period. The number of new prescribers for the 12-month period ended 30 June 2022 was more than 490 which is an increase of over 70% compared to the prior year.

Germany

Since its March quarterly, the Company has signed two key, large-volume supply agreements with Four 20 Pharma GmbH and Ilios Sante GmbH (see ASX announcements dated 19 May 2022 and 12 July 2022). These supply agreements add an additional \$9.5 million potential value to LGP's German distribution portfolio which now has an aggregate potential value of \$35 million over 3 years.¹

In parallel with its existing medicinal cannabis market, there is a growing domestic and international expectation that Germany will introduce new supply pathway for cannabis into Germany: see *European market developments* below for further details. Should this eventuate, and Denmark is permitted to supply into that market, this would drive significantly increased sales into Germany in the coming years.

¹ Assumes satisfaction of conditions precedent and minimum exclusivity purchases, minimum annual quantity and take or pay commitments.

Italy

During the Quarter the Company's Danish facility delivered medicinal cannabis flower valued at \$0.3 million (€210,000) to Italy in fulfilment of its successful Italian tender award: see ASX announcement dated 18 February 2022. The funds are expected to be received in the coming Quarter and anecdotal evidence from pharmacies confirms the products have been well-received by patients. Given the rigorous quality standards of the Italian flower tenders and relatively small pool of qualified bidders, the Company anticipates it is well positioned for success in future, larger cannabis flower tenders.

France

The Company continues to be the predominant supplier out of the four global manufacturers participating in the French medicinal cannabis pilot, delivering over 8,000 units into the trial during the Quarter. With over 1,200 active patients and representing the sole pathway into the French market, LGP's participation in the trial continues to consolidate LGP's reputation as a significant medicinal cannabis supplier in Europe and is anticipated to give LGP a strong first mover advantage in a fully legalised French medicinal cannabis market. Further information in relation to the proposed French medicinal cannabis market is detailed in *European market developments* below.

United Kingdom

On 2 May 2022, the Company signed a 3-year agreement with Sana Life Sciences Ltd for the supply of LGP-branded oil and flower products into the United Kingdom and UK crown dependencies. The Agreement represents an annual revenue opportunity of \$1.4 million post-ramp up for the exclusive supply of the LGP's 10:10 medicinal cannabis oil alone with first deliveries expected in September 2022.

Denmark

In November 2021, LGP's Danish facility registered its flower medicine "Billinol" THC16, following an approximate 2.5-year application and registration process. With this registration, the Company became the only domestic producer of medicinal cannabis flower (and one of only two suppliers of medicinal cannabis flower) in the country, with demand increasing steadily since introduction and Billinol already the dominant flower product in Denmark albeit relatively small volumes. This product registration not only gives LGP a privileged position in the Danish medicinal cannabis market but also gives LGP access to certain Nordic countries under mutual recognition schemes.



Spain

The Company holds an 8.6% interest in Spanish medicinal cannabis partner, Trichome Pharma S.L. (**Trichome**). Since 2020, the Company has supported Trichome's establishment of their cannabis cultivation operations in Spain, with Trichome recently being granted a medicinal cannabis cultivation licence and securing a partnership with Labiana Pharmaceuticals, an EU-GMP manufacturing of specialised medicines including psychotropics and pharmaceutical distribution capability.

With a population of ~47 million and Total Addressable Market of over \$4.3 billion², the Company regards the move as a very welcome first step towards broader medicinal cannabis uptake in a potentially significant additional European market; and with its investment in Trichome and appointment of a third independent non-executive director based in Spain, the Company is very well positioned to take advantage of this emerging medicinal cannabis market.

² €3 billion (EU:AU 1.477): Prohibition Partners, "The European Cannabis Report 4th Edition (Jan 2019)" page 72

European market developments

During the Quarter there were highly encouraging market developments in key territories across Europe, including Germany, France and Spain. These developments, together with LGP's continuing progress in executing high-volume contracts with distributors across Europe, highlight the success of the Company's EU strategy and are expected to help underpin the next phase of LGP's expansion into Europe.

Germany

In 2021 the ruling Parliamentary coalition agreed in principle to the introduction of a new pathway for the supply of cannabis, with a draft bill expected at the end of 2022 or early 2023. The scope of this new pathway is still being finalised, with decisions pending in relation to manufacturing standards, product safety guarantees, taxation, and distribution; however early speculation includes the possibility of an EU GMP medicinal cannabis over-the-counter pathway option distributed via licensed German pharmacies. LGP anticipates that, depending on the final supply pathway chosen, the Company could be very well placed to supply into this market from its Danish operations.

Spain

In late June 2022, the Spanish Congress of Deputies formally requested the Spanish medicines agency, AEMPS, implement regulatory changes permitting the sale of extracts or standardised medicinal cannabis preparations in pharmacies within a period of 6 months.

Currently, prescriptions can be for cancer pain, endometriosis, fibromyalgia, and epilepsy, with dispensing limited to hospital pharmacies and prescription by specialists; however the Company anticipates these initial exploratory changes will in time expand towards a far broader Spanish medicinal cannabis regime in line with other European and international jurisdictions.



France

During the Quarter, the pharmaceutical regulator ANSM disclosed the anticipated parameters of a future French medicinal cannabis regime expected to come into effect following the cessation of the current French pilot in February 2023. These parameters include:

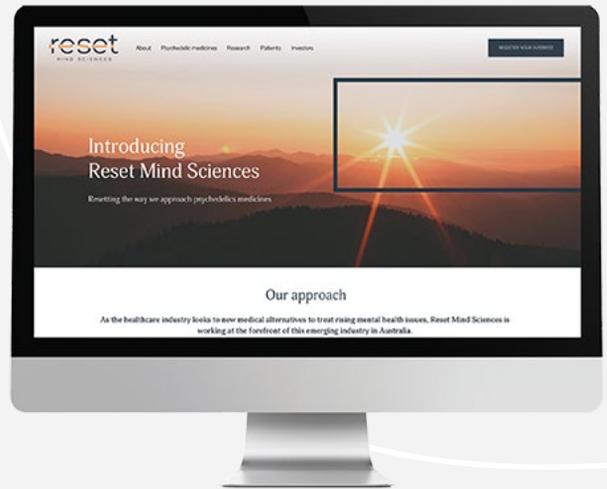
- EU GMP (or EU-GMP recognised) manufactured products only
- mandatory medical prescription required for all THC medicinal cannabis products
- indoor or greenhouse cultivation and production only (i.e. not broadacre)
- no current restrictions on cultivar types or dosage forms
- authorised list of therapeutic indications still to be defined
- packaging and labelling requirements in line with Australian and Danish requirements

While there is currently no guidance on potential government reimbursement or subsidies for patients (other than existing patients under the study), these parameters provide welcome clarity while also being clearly aligned with LGP's current product offering. These parameters, including the requirement to manufacture under EU GMP or cultivate in indoor or greenhouse facilities, will also likely operate to exclude other global producers from the market. With a population of ~67 million and estimated total addressable market of €4 billion at maturity³, France is one of the largest potential medicinal cannabis markets in Europe; and given LGP's role as predominant supplier to the current French pilot and the range of investigative studies currently being conducted in partnership with research institutions in France, LGP expects to be very well placed to leverage its brand reputation and supply history with patients and prescribers in the near future.

³ Source: Canaccord Genuity Estimates - 12 May 2021 (based on Worldometer).

Reset Mind Sciences *update*

The Company's psychedelics focused subsidiary, Reset Mind Sciences Limited (**Reset**), made significant operational progress during the quarter including in relation to construction of its special purpose mushroom cultivation facility to be co-located at LGP's existing West Australian facility. Construction is now well advanced and is expected to be completed during the September quarter, with planning for the commencement of mushroom cultivation well underway. In addition, Reset has finalised protocols for its West Australian based clinical trial into psilocybin assisted psychotherapy and expects to submit these protocols for Human Research Ethics Committee approval in the current quarter.



The LGP Group has also continued to progress the proposed demerger of Reset 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. LGP shareholders will be given the opportunity to vote on the demerger process with the ultimate timing of the demerger and the associated equity raising likely influenced by prevailing market conditions.

Post-Quarter, Reset also launched its own website and various social media channels: see

 www.resetmind.com.au;

 <https://www.instagram.com/resetmindau/>;

 <https://twitter.com/RMSciences>;

 <https://www.facebook.com/ResetMindSciences>; and

 <https://www.linkedin.com/company/reset-mind-au/>.



Research and innovation *update*

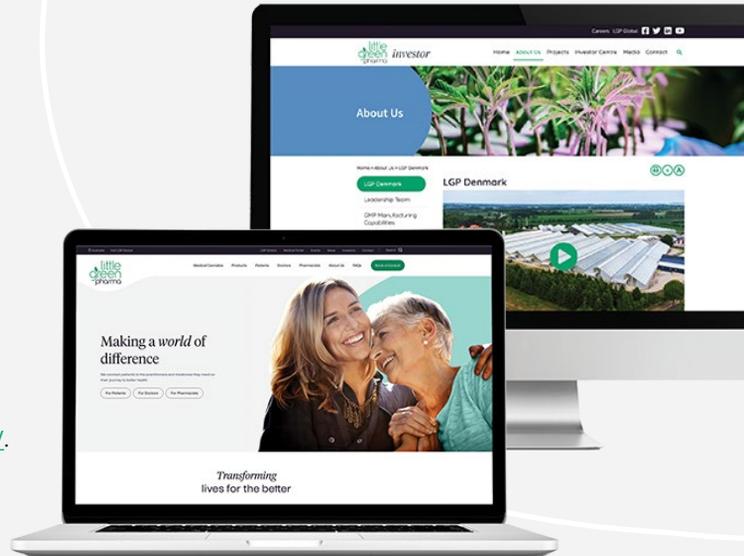
LGP continues to progress its medicinal cannabis HIV study in partnership with Centre Hospitalier Regional d'Orleans in France with more than half of the cohort recruited to date and first results expected in December or early January 2023.

LGP has also partnered with cancer specialist centre Gustave Roussy in France to conduct a phase II clinical trial investigating the effect of LGP's CBD200 on musculoskeletal pain caused by hormone therapy treatment of women with early-stage breast cancer. The clinical trial is expected to commence the December quarter.

Patient, prescriber and investor *support*

During the Quarter the Company also launched a new-look brand and global and jurisdiction-specific websites: see

<https://www.littlegreenpharma.com/au> which provided improved and more accessible educational resources for prescribers and patients; as well as a refreshed investor portal: <https://investor.littlegreenpharma.com/site/content/>.



Quarterly financial *highlights*

During the Quarter, the Company generated revenue of \$4.3 million (unaudited) and cash receipts of \$3.7 million which represented increases of 48% and 23% respectively compared to the prior quarter.

The first effects of the Company's rightsizing program also became apparent during the Quarter, with the Company reducing its operating costs by 30% from the previous quarter, down from \$11.0 million to \$7.5 million, with the key cash flows being:

- customer receipts of \$3.7 million up from \$3.0 million;
- research and development cashflows down from \$1.3 million to \$0.2 million;
- product manufacturing and operating costs down from \$4.7 million to \$3.0 million; and
- staff costs down from \$3.6 million to \$3.1 million.

The Company also paid \$0.7 million relating to the recently expanded GMP facility in Australia and received debtor financing of \$1.9 million in relation to its \$2.3 million Research and Development Incentive receivable which is expected to be received from the government later this Quarter or early next.

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 \$17.6 million, noting that CAD 7.5 million relating to the Canopy loan was repaid in early July 2022.



Appendix One

The Company has completed eight quarters of reporting against the use of funds since its IPO in February 2022 and in accordance with ASX Guidance Note 23 is no longer required to report against its use of IPO funds.

ENDS
BY ORDER OF THE BOARD



Alistair Warren
Company Secretary

For further information please contact:

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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 21,500m² cultivation and 4,000m² 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

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")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,692	3,692
1.2 Payments for		
(a) research and development	(213)	(213)
(b) product manufacturing and operating costs	(3,033)	(3,033)
(c) advertising and marketing	(237)	(237)
(d) leased assets	(26)	(26)
(e) staff costs	(3,102)	(3,102)
(f) administration and corporate costs	(719)	(719)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	17	17
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,616)	(3,616)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(716)	(716)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	(716)	(716)

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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	1,862	1,862
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)	(75)	(75)
3.10	Net cash from / (used in) financing activities	1,787	1,787

4.	Net increase/(decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	20,087	20,087
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(3,616)	(3,616)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(716)	(716)
4.4	Net cash from/(used in) financing activities (item 3.10 above)	1,787	1,787
4.5	Effect of movement in exchange rates on cash held	83	83
4.6	Cash and cash equivalents at end of period	17,625	17,625

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

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	16,625	18,087
5.2 Call deposits	1,000	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)	17,625	20,087

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**

204

-

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.

	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	36
7.3 Other (please specify)	-	-
7.4 Total financing facilities	5,830	3,806
7.5 Unused financing facilities available at quarter end		2,024

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 financing facilities relate to facilities with National Australia Bank Ltd:

- a loan facility of A\$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 which has been drawn down;
- equipment finance of up to A\$2.0 million with a variable interest rate secured by a chattel mortgage over the underlying equipment which has not been drawn down;
- 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. The Loan Note originally had an effective interest rate of 5% and an amortised cost of \$11.4 million and was due for repayment on 30 June 2022. During the quarter this was renegotiated with C\$7.5 million being repaid early July 2022 and the remaining CAD3.57 plus interest at 8.57% per annum being due 31 December 2022. This Loan Note is secured by 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)	(3,616)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	17,625
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,024
8.4 Total available funding (Item 8.2 + Item 8.3)	19,649
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5.4

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?

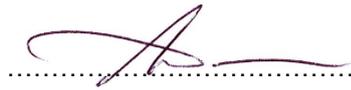
Answer: N/A

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: 27 July 2022

Sign here:



Alistair Warren
(Company Secretary)

Authorised by: The Board