ASX ANNOUNCEMENT

SEPTEMBER 2022

QUARTERLY ACTIVITIES REPORT *AND APPENDIX 4C*

Executing on European growth strategy and extensive sales pipeline across 10 jurisdictions

Strong acceleration of sales in the EU and AUS against a backdrop of ongoing cost reductions

Highlights:

- Record quarterly sales and cash receipts
- Flower sales in Australia up 40% from the previous quarter
- Flower sales from Australia to Europe up over 25% from the previous quarter
- First delivery of new Danish flowers set to arrive in Australia in November
- First delivery of Danish flowers into Germany expected in December
- Supply agreement signed with Cannamedical, the leading independent distributor in Germany
- First oil and flower products delivered to Sana Life Science ("**Sana**") in the UK
- Significantly positive results in QUEST Initiative observational study

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 September 2022.

Revenues, cash receipts and cost reductions

During the quarter, the Company generated revenues of $4.9 million (unaudited), up 13% from the prior quarter's $4.3 million (unaudited), and over 20% after excluding the one-off revenue from the Italian tender in the prior quarter. This represents a 55% increase on the prior September quarter. The Company also increased its cash receipts from the previous quarter by almost 20%, to $4.4 million.

This revenue growth was driven by a 40% increase in flower sales in Australia ($1.6 million) (unaudited) and a 25% increase in Australian flower sales into Germany and the United Kingdom ($0.5 million) (unaudited) over the previous quarter, while oil sales into Australia increased by 10% to $2.6 million (unaudited) over the same period.

LGP continues to see positive results from its right-sizing initiatives across the Group. While payroll was consistent quarter on quarter, it included several one-off payments that will result in a $0.25 million reduction per quarter going forward. Quarter on quarter manufacturing costs savings were offset by the costs of increased sales and movements in working capital associated with increased production. Power costs in Denmark remain high, with the Company implementing initiatives in the Danish facility including installing LED lighting in two key rooms to reduce power consumption. Additionally, the Danish Government has indicated that they intend to provide some measure of support in relation to power costs.

The Company continues to invest in research and development associated with supplying the French Trial which is scheduled for completion in March 2023. Post completion of the Trial LGP is ideally positioned to capitalise on their significant brand equity and first mover advantage in the French market.

Corporate costs were as expected with the quarter-on-quarter variance a consequence of payment timings.

Sales update

European sales and deal pipelines

LGP has invested to build a dominant EU distribution platform and now has supply arrangements or investments in 10 jurisdictions, one of the largest EU GMP production facilities in Europe, a world class genetics database, and market access to over 76% of EU and UK citizens.

The Company's key focus is executing on its sales and deal pipelines in accordance with the targeted dates in the **European sales and deals pipeline diagram on page 4.**

The Company's sales position can therefore be summarised as follows:

- *European sales contracts with minimum commitments*: Subject to these European supply arrangements satisfying their conditions precedent and LGP's partners meeting their minimum purchase commitments, these existing transactions have a combined potential value of $45.4 million[1] in revenue over the next three years
- *European sales contracts without minimum commitments*: In the September quarter, European contracts without minimum committed purchases had orders with an aggregate value of $525,000, a 31% increase from the previous quarter
- *Australian sales*: Baseline sales revenue in Australia of $4.2 million for the quarter, a 20% increase from the previous quarter.

Cannamedical

The Company continues to execute its strategy of developing bespoke, high-value white label strains for export to Europe, with the Company signing a key supply agreement with Cannamedical Pharma GmbH ("Cannamedical")[2] in October for ~$4.5 million (€3 million)[3] over two years. As indicated in the European sales pipeline diagram on page 4, this agreement represents LGP's fourth key contract for the supply of medicinal cannabis into Germany and gives LGP access to three of the four largest independent, own-branded medicinal cannabis distributors in the largest market in Europe.

Sana

During the quarter, the Company successfully delivered its first shipment of LGP-branded cannabis oil and flower medicines to Sana in the United Kingdom[4] and received further purchase orders for both exclusive and non-exclusive oil units to be delivered during November and December.

Italian tender

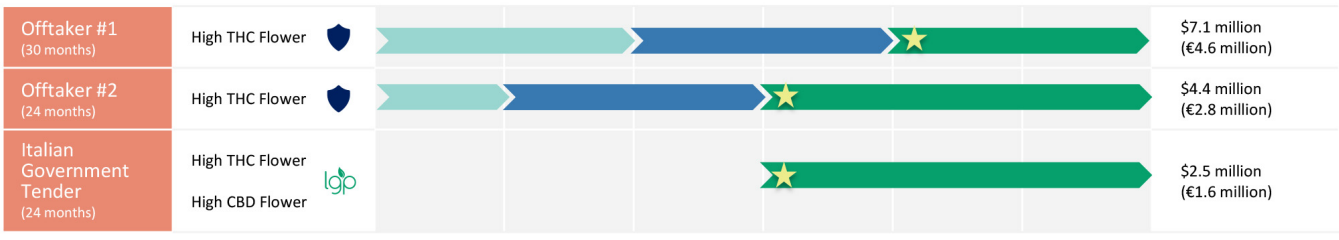
Subsequent to the award of the Italian tender in February[5], the Company and the Italian Government agreed to supply an additional €100,000 of cannabis flower in Q4CY2022 under the tender terms, bringing the total value of the award to $465,000 (€300,000).

In addition, the Company has also submitted a bid in connection with a further tender by the Italian Government valued at $2.5 million (€1.6 million), of which LGP is one of only two bidders. Italian Government flower tenders impose some of the highest GMP product quality standards globally, with LGP being one of only two suppliers to have previously been awarded a tender. The results are expected to be announced mid-November.

[1] Subject to satisfaction of conditions precedent and minimum exclusivity purchases, minimum annual quantity and take or pay commitments over full delivery period.
[2] See ASX release dated 4 October 2022
[3] AUD:EU 1.555 as at 27 October 2022.
[4] See ASX release 2 May 2022
[5] See ASX release dated 18 February 2022

European sales pipeline

European deal pipeline



^ Assumes satisfaction of conditions precedent and minimum exclusivity purchase, minimum annual quantity and take or pay 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.

[1] Target sales period subject to acceptance of finally developed strain.

[2] Sana September quarter sales including non-exclusive oils were $0.05 million (£0.03 million)

Exchange rate EU:AUD 1.555

Research and innovation *update*

The Company is committed to supporting clinical research that advances LGP's and prescriber understanding of the role medicinal cannabis can play in the treatment of disease and associated symptoms. In addition, data and trial outcomes will ultimately inform LGP's clinical trial plans and support registration of its products in Australia.

During the quarter, the Company made good progress regarding the medicinal cannabis HIV study being conducted as part of a collaboration between Centre Hospitalie Regional d Órleans and Intsel Chimos in France, with successful completion of the recruitment phase in September. The trial is on track for completion by the end of 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.

Due to product development challenges associated with applying the ARISE patented technology to medicinal cannabis, the Company also terminated its development and patent licence arrangements by mutual agreement with the relevant stakeholders during the quarter. In its place, the Company continues to progress its strategy regarding development of a Schedule 3 CBD product as well as continuing its research into the proposed development of novel product formulations and delivery methods. These activities are designed to ensure the success of the Company's longer-term product development lifecycle.

QUEST study *update*

During the quarter, the Company received preliminary analysis from the QUEST Initiative demonstrating a significant improvement in participant wellness and health-related quality of life. The QUEST Initiative, which commenced in December 2020 and recruited its maximum permitted cohort of 3,302 patients by December 2021, is believed to be the largest medicinal cannabis observational study in the world. Findings from this interim analysis are being prepared for submission to relevant peer-reviewed scientific journals, with the detailed findings being available at that time. The QUEST Initiative will continue its study of the existing patient cohort for a further seven months, with a final report due in the second quarter of CY2023. To date, the QUEST Initiative has been fully funded by study fees payable by participants for the supply of discounted study medicines.

Reset Mind Sciences *update*

The Company's psychedelics focused subsidiary, Reset Mind Sciences Limited ("**Reset**"), continued with construction of its special purpose mushroom cultivation facility to be co-located at LGP's existing West Australian facility. While construction has experienced delays due to supply chain issues and illness related workforce outages, it is now nearing completion. The latest estimate from the construction contractor is for the grow room to be on-site before the end of the year. In the interim, Reset has continued with planning for cultivation activities.

Reset's clinical trial planning has continued with submission for ethics approval expected imminently. Detailed planning for site arrangements, drug sourcing and handling, and therapist recruitment and training is underway. The trial is expected to commence patient recruitment in the new year.

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 costs it has incurred prior to the demerger.

Customer support & engagement

Since its inception, the Company's Customer Care team has connected over 1,000 callers with a range of independent, experienced GPs and specialists across Australia. In recognition of their high levels of customer care and service, in October LGP's Customer Care team was a finalist in the category, "Customer Service Team of the Year – Small" in the Australian Service Excellence Awards.

The Company's Customer Care team remains a clear leader in the service it provides to Australian prescribers and customers, and the Company is very proud to have its team recognised for this prestigious national award. The team had to meet strict criteria set by the Customer Service Institute of Australia which covered service delivery excellence, positive impact on business performance, as well as quality and cultural excellence.

The Company's success of its export strategy was also recently recognised by its success in the International Health category of the Western Australian Export Awards. The Company is now a finalist for the International Health category in the 60th Australian Export Awards national program, with the winner of this category to be announced in late November 2022.

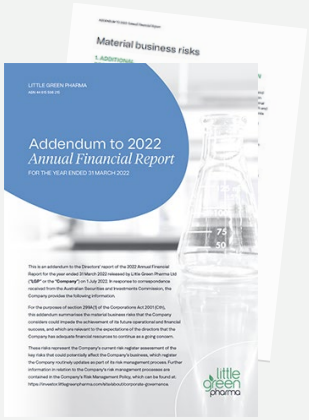
TGA infringement notices

During the quarter, the Company received 28 infringement notices valued at $372,960 from the Therapeutic Goods Administration ("**TGA**") in connection with alleged unlawful advertising or promotion of its medicinal cannabis products. The Company has successfully applied for an extension of time and is taking legal advice on the merits of the notices. Based on the current advice, the Company intends to robustly appeal the notices.

Change in auditor

Post-quarter, the Company also announced a change in its auditor from Deloitte Touche Tohmatsu to BDO Audit (WA) Pty Ltd ("**BDO**"). The change in auditor will be submitted for shareholder approval at the Company's next annual general meeting.

Addendum to FY2022 Annual Report



During the quarter, the Company was contacted by the Australian Securities & Investments Commission ("**ASIC**") requesting additional clarification of the material risks affecting the Company in connection with its FY2022 Annual Report, in line with guidance set out in ASIC Regulatory Guide 247 *Effective disclosure in an operating and financial review*. Following discussions with ASIC, the Company wishes to update its FY2022 Annual Report by including the addendum attached to this Quarterly Activities Report.

Quarterly financial *highlights*

During the quarter, the Company generated revenue of $4.9 million (unaudited) and cash receipts of $4.4 million, representing increases of 13% and 19% respectively compared to the June quarter.

The key cash flows during the quarter included:

- Customer receipts of $4.4 million
- Research and development costs of $0.4 million predominately associated with the French Trial
- Product manufacturing and operating costs including distribution fees of $3.8 million
- Capital expenditure of $0.4 million associated with the GMP facility expansion in Australia and LED lighting in Denmark
- Repayment of $8.5 million in relation to the acquisition of the Danish facility from Canopy Growth Inc with the remaining payment of $4.5 million due 31 December 2022

In October, the Company signed an equipment finance lease for $2 million with the National Australia Bank secured over equipment at its Western Australian facility. The Company will draw down against this loan in November.

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

The Company finishes the quarter with cash in bank of $4.0 million. The Company is presently finalising the terms of a capital raise to address its ongoing capital requirements.

ENDS
BY ORDER OF THE BOARD

Alistair Warren
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^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.

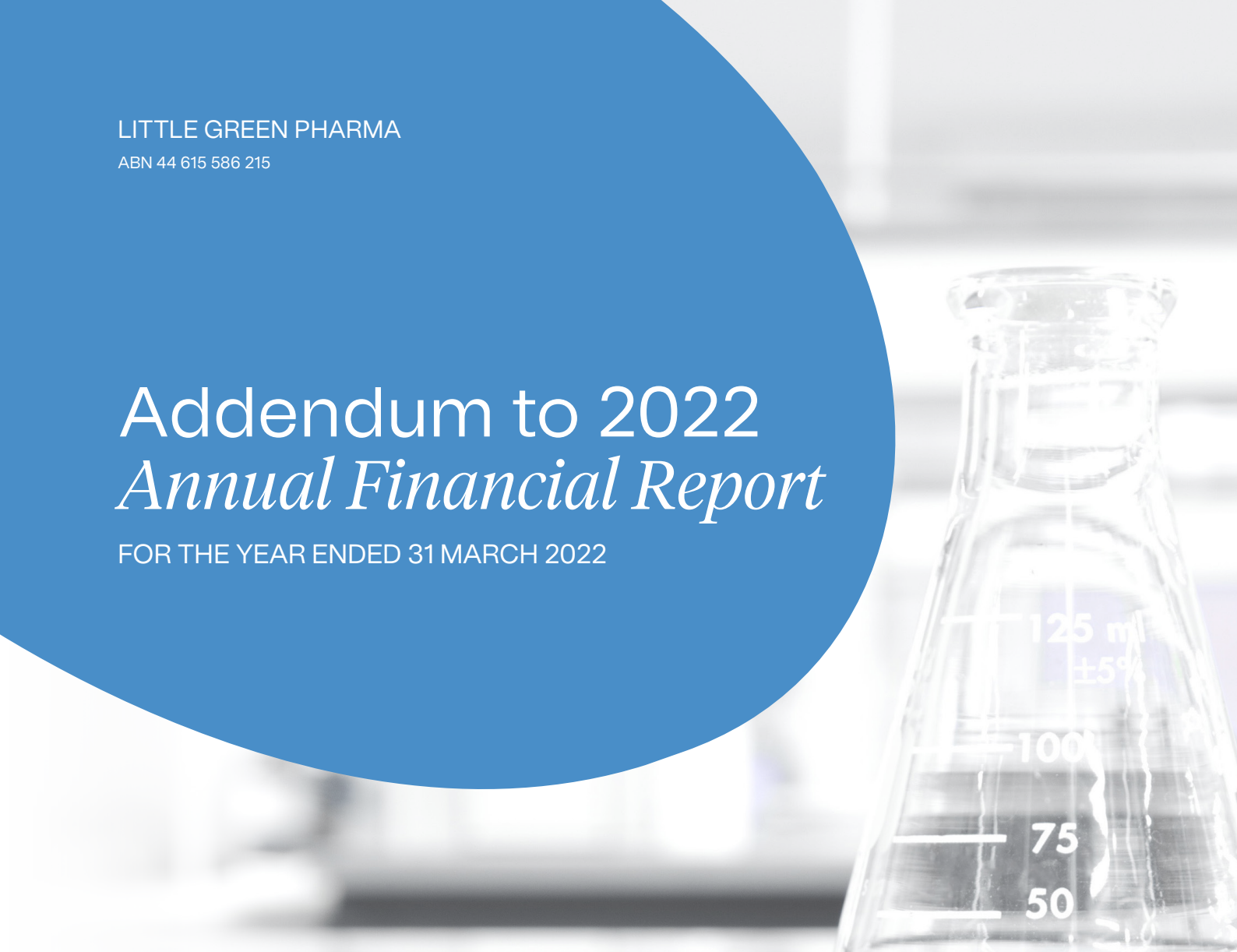
To easily update your communication preferences, visit: www.computershare.com.au/easyupdate/lgp

LITTLE GREEN PHARMA

ABN 44 615 586 215

Addendum to 2022 *Annual Financial Report*

FOR THE YEAR ENDED 31 MARCH 2022



This is an addendum to the Directors' report of the 2022 Annual Financial Report for the year ended 31 March 2022 released by Little Green Pharma Ltd ("**LGP**" or the "**Company**") on 1 July 2022. In response to correspondence received from the Australian Securities and Investments Commission, the Company provides the following information.

For the purposes of section 299A(1) of the Corporations Act 2001 (Cth), this addendum summarises the material business risks that the Company considers could impede the achievement of its future operational and financial success, and which are relevant to the expectations of the directors that the Company has adequate financial resources to continue as a going concern.

These risks represent the Company's current risk register assessment of the key risks that could potentially affect the Company's business, which register the Company routinely updates as part of its risk management process. Further information in relation to the Company's risk management processes are contained in the Company's Risk Management Policy, which can be found at: https://investor.littlegreenpharma.com/site/about/corporate-governance.

Material business risks

1. ADDITIONAL REQUIREMENTS FOR CAPITAL

At present, the Company is making a loss, meaning it is reliant on raising funds from investors or lenders in order to continue to fund its operations and to scale growth. Accordingly, the Company will require further financing in the future.

The future capital requirements of the Company will depend on many factors, including the pace and magnitude of the development of its business and sales, and the Company may need to raise additional funds from time to time to finance the ongoing development and commercialisation of its products and to meet its other longer-term objectives. In addition, the risks and uncertainties associated with producing cannabis products, including future regulatory changes and developments in the industry more generally, means the Company is unable to accurately predict when, or if, it will be able to achieve profitability. Even if profitability is achieved in the future, it may not be sustained for subsequent periods potentially affecting the market price of shares and the Company's ability to raise capital, expand its business or continue its operations.

Any additional equity financing may be dilutive to shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, the Company may be required to reduce the scope of its activities, which could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

2. LEGISLATIVE CHANGE IN GERMANY AND FRANCE

The Company's ability to expand its business and achieve its growth strategy is also dependent on LGP being able to successfully export its medicinal cannabis products internationally from Denmark and Australia. LGP has large volume supply agreements of medicinal grade cannabis with German distributors. 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. 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. However, there is also a risk that the proposed amendments to the current supply pathways does not permit LGP to supply into the new pathway, or allows more suppliers to enter into the market, or both, potentially eroding demand for existing medicinal cannabis product supplied by the Company into the German market.

The Company also intends to grow its business through supply into the nascent French medicinal cannabis market, which is currently the subject of a trial program in which the Company participates as a primary supplier without cost to French patients. If the terms of access to the French market restrict the Company's ability to supply into this market, including by preventing any further supply at all, or if the French market does not open on terms or within the timeline expected by the Company, or at all, then this could have a material adverse effect on the Company's business, financial condition, and prospects.

3. RELIANCE ON KEY RELATIONSHIPS AND CUSTOMERS

The Company relies on various key customer and supplier relationships in certain parts of its business. The loss or impairment of any of these relationships could have a material adverse effect on LGP's results of operations, financial condition and prospects, at least until alternative arrangements can be implemented. In some instances, however, alternative arrangements may not be available or may be less financially advantageous than the current arrangements.

The Company is reliant on its counterparties' ability to comply with their obligations under existing and future contractual arrangements. The ability of LGP or its counterparties to comply with their obligations under such arrangements may also be contingent on external factors, including but not limited to the uncertainties and changes associated with medical cannabis legislative regimes in the relevant jurisdictions. If any of the Company's existing arrangements are terminated or the counterparties breach or fail to carry out their obligations under such arrangements or otherwise cease to be able to meet their commitments and obligations to the Company, including due to insolvency, loss of key licences, certifications or permits or any other reason, this could have a material adverse effect on the Company's business, financial condition, and prospects.

The goodwill of LGP is also necessary for the referral of distribution opportunities to LGP and for LGP's entry into distribution opportunities with distributors in key jurisdictions. A loss of this goodwill could result in fewer, or no new, opportunities from distributors to distributor LGP products in various jurisdictions being offered to or agreed with LGP.

4. IMPACT OF THE LEGISLATIVE REGIME IN THE UNITED STATES

While the use and possession of cannabis has been legalised in various states in the United States for either recreational or medicinal use, the use and possession of cannabis in the United States is illegal under federal law. The illegality of cannabis at a federal level in the United States means that many US based cannabis entities are precluded from accessing capital and certain financial services needed to effectively scale their businesses. In the event that the United States legalised cannabis at a federal level, these barriers to scale would fall away, allowing US entities to more readily scale their businesses, which has the potential to increase supply of cannabis in the global market and adversely affect non-US operators, such as the Company.

5. INPUT COST AND PRICE RISKS

Currently, transportation, irradiation, clinical testing and electrical power costs in both Denmark and Australia represent significant input costs in the Company's manufacture of medicinal cannabis. If transportation, irradiation and clinical testing prices were to continue to rise, this may impact the Company's profitability.

In addition, rising interest rates are contributing to rising inflationary pressures on the global and domestic economies. This may have impacts on financial markets or economic stability and could adversely affect the financial position and performance of the Company.

Further, the Company operates in an environment where it is primarily a price-taker. As such, there is a risk that the wholesale and retail prices for products may fall over time, including at or below the Company's cost of production or input acquisition. This could adversely affect the financial position and performance of the Company.

6. THREATS FROM NEW PRODUCTS, NEW TECHNOLOGIES, AND CHANGES IN MARKET PREFERENCES

The Company currently offers a product portfolio of cannabis oils and cannabis flower products, including its Schedule 4 CBD oils. There is a risk that the introduction of new products and dosage forms in the market, including the introduction of Schedule 3 over-the-counter CBD products in pharmacies, may adversely impact the Company's current Schedule 4 CBD oil sales, resulting in negative financial consequences for the Company. In addition, several of the Company's key markets, including Australia and Germany, are weighted towards cannabis flower products. Changes in this current market preference for cannabis flower in these jurisdictions, including towards other dosage forms, may result in a shift away from the preference for cannabis flower products, which could adversely impact the financial position and performance of the Company.

The Company also operates in an industry that may potentially be disrupted by key technological changes or disruption, including superior and cheaper growing or production technologies or superior distribution and customer / prescriber engagement or management technologies that could result in a loss of market share and adversely affect the financial performance of the Company.

7. OCCUPATIONAL HEALTH AND SAFETY

Site safety and occupational health and safety outcomes are a critical element in the reputation of the Company.

While the Company has a strong commitment to achieving a safe performance on site and a strong record in achieving safety performance, a serious site safety incident or an incident arising from driving to or from the site could impact upon the reputation and financial performance of the Company.

Additionally, laws and regulations concerning occupational health and safety may become more complex and stringent or the subject of increasingly strict interpretation and enforcement. Failure to comply with applicable regulations or requirements may result in significant liabilities, suspended operations and increased costs. Industrial accidents may occur in relation to the performance of the Company's services. Accidents, particularly where a fatality or serious injury occurs, or a series of accidents, may have operational and financial implications for the Company, which may negatively impact the financial performance and future potential of the Company.

8. MAINTAINING AND EXPANDING MEDICINAL CANNABIS LICENCES AND REGULATORY RISK

The successful execution of the Company's medicinal cannabis business objectives is contingent upon compliance with all applicable laws and regulatory requirements in Australia, Denmark and other jurisdictions and obtaining all other required regulatory approvals for the import of starting materials and the production, sale, import and export of its medicinal cannabis products.

LGP's ability to execute its business model and undertake its growth strategy is dependent on LGP's ability to maintain its medicinal cannabis licences and permits in both Australia and Denmark.

While LGP intends to submit renewal and variation applications of its licences and permits by the requisite dates, and is not aware of any reason why the relevant regulators would refuse to renew or vary the relevant licences and permits, LGP cannot guarantee that the licences or permits will be renewed or varied in a timely manner or at all. Should the licenses not be renewed, this could have a material adverse effect on LGP's results of operations, financial condition and prospects.

Existing licenses and any new licenses obtained in the future in Australia, Denmark or other jurisdictions may also be revoked or restricted at any time should the Company fail to comply with the applicable regulatory requirements or with conditions set out under the licenses. Should the licenses be revoked or not renewed, the Company may not be able to import starting materials into Australia or Denmark or continue producing or distributing medicinal cannabis in Australia or Denmark or export medicinal cannabis outside of Australia and Denmark.

From time to time, there may be additional licences and permits that will be required, or existing licences or permits that require variation, to execute the business strategy or enter new territories. There is no guarantee that the Company is able to obtain these additional or varied licences and permits or obtain them in a timely manner.

The Company and its supply chain partners are also subject to a variety of complex and often unsettled or inadequate, uncertain or incomplete laws, regulations, and guidelines, authorisations and pharmaceutical quality requirements in both Australia, Denmark and the other countries that may be subject to differing interpretation or application. Non-compliance risk may be exacerbated for first movers who may be unaware of these or be unable to comply with conflicting or evolving interpretations or laws, and the Company cannot guarantee its pharmaceutical and compliance management systems will be adequate to understand all cannabis regulations or prevent or discover breaches of laws and regulations and to identify, evaluate and take appropriate countermeasures against relevant risks in a timely manner or at all.

9. FORCE MAJEURE

Adverse changes or developments affecting cultivation, production, supply chains, the availability and price of electricity, and processing facilities, including, but not limited to war, disease, mould or infestation of crops, fire, explosions, power failures, international sanctions, flood, storms or natural disasters, or material failures of the Company's security infrastructure, could reduce or require the Company to entirely suspend its production of medicinal cannabis in either one or both of its operations. These factors can also impact grow times, the number of harvests and expected production yields.

10. PANDEMIC

A pandemic, including new waves or variants of COVID-19, may prevent the Company, its suppliers, customers, and other business partners from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. Such measures taken in response to a pandemic may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The outbreak of COVID-19 has impacted global economic markets. The long term effects of the outbreak and the global reaction to it, on the performance of the Company remains unknown.

The Directors continue to monitor the situation and have considered the impact of COVID-19 on the Company's business and financial performance. In compliance with its continuous disclosure obligations, the Company will continue to update the market regarding the impact of COVID-19 on its revenue channels and any other material adverse impacts on the Company.

11. CHANGE IN LAW AND REGULATIONS

The Company's operations are subject to various laws, regulations and guidelines in Australia and Denmark and territories the Company proposes to operate in, or to export to, including laws and regulations relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of products and of certain material used in operations.

Compliance with these laws and regulations requires compliance with complex national, state and local laws. These laws change frequently and may be difficult to interpret and apply. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that LGP is not in compliance with these laws and regulations could harm the Company's brand image and business.

Changes to these laws or regulations could negatively affect the Company's competitive position within the industry and the markets in which it operates, and there is no assurance that various levels of government in the jurisdictions in which the Company operates will not pass legislation or regulation that adversely impacts the business.

The effect of the administration, application and enforcement of the regimes established on the business in Australia and overseas, or the administration, application and enforcement of the laws of other countries by the appropriate regulators in those countries, may significantly delay or impact the Company's ability to participate in the global market.

12. CYBER RISKS, SYSTEMS, PRIVACY AND IP BREACH RISK

Breaches of cyber security is a growing global risk as the volume and sophistication of threats has increased, partially from the broad-based working from home reality. Risks include:

- unauthorised access to data/information leading to reputational damage and/or risk of litigation;
- malicious attacks that result in outages and service and revenue disruption;
- ransom demands with direct financial consequence to the business;
- failure to comply with regulatory standards risks financial fines or restrictions to conduct business; and
- business interruption and availability of systems following a breach.

The Company and the Company's agents and distributors already rely and will increasingly rely on information technology platforms and software including enterprise resource planning systems to manage many or all aspects of their operations. These systems are potentially susceptible to malfunction, network failures, maintenance issues, outages, wilful or accidental or mistaken use or data entry, theft or misuse, fraud, acts of vandalism, hacking, sabotage, viruses, spearphishing, and ransomware attacks. The occurrence of one or more of these events or attacks could significantly comprise the Company's operations and result in delays to production, export, imports or sales resulting in loss or damage to the Company.

The Company may also collect personal or sensitive information from individuals in connection with the conduct of its operations, both from individuals in Australia and from jurisdictions outside Australia. The Company or its employees may intentionally or inadvertently collect or disclose personal or sensitive information or use such information contrary to applicable laws, which could result in significant loss or damage, including reputational damage, to the Company. In addition, the risks described above could also result in breaches of data security, loss of critical data, and the release, misuse or misappropriation of sensitive or personal information, potentially leading to claims for loss or damage from third parties affected by, or civil or criminal claims from regulators arising from, such breach, loss or release.

13. PRODUCT LIABILITY AND UNINSURED RISKS

There is also a risk that the products sold by the Company may not have been produced or manufactured in accordance with all applicable laws or pharmaceutical requirements or could cause serious or unexpected side effects, including risk or injury to consumers in both the short term and the longer term, including the risk of developing schizophrenia, bi-polar disorder and other psychoses and side effects. Previously unknown adverse reactions resulting from consumption of cannabis products alone or in combination with other medications or substances could also occur.

Although the Company has procedures in place for testing finished cannabis products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid product recalls, regulatory action or lawsuits. Should any of the Company's products be associated with safety risks such as misuse or abuse, inadvertent mislabelling, tampering by unauthorised third parties or product contamination or spoilage, a number of materially adverse outcomes could impact on the Company.

Any of the above adverse outcomes include the risk that regulatory authorities may revoke approvals that have been granted to the Company, impose more onerous facility standards or product labelling requirements or force the Company to conduct a product recall. The Company could also be subject to regulatory action or be sued and held liable for any harm caused to customers in those circumstances.

A product liability claim or regulatory action against the Company could result in increased costs and could adversely affect its reputation and goodwill with the Company's patients, distributors and consumers generally. There can be no assurance that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could result in the Company becoming subject to significant liabilities that are uninsured and also could adversely affect commercial arrangements with third parties. There is also a risk that the insurer could disclaim coverage on some claims or the insurance is not comprehensive enough for large claims or that insurers could reduce or cease coverage for medicinal cannabis products more generally.

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Appendix 4C

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

Name of entity

Little Green Pharma Ltd

ABN	**Quarter ended ("current quarter")**
44 615 586 215	30 September 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	4,403	8,095
1.2	Payments for		
	(a) research and development	(427)	(640)
	(b) product manufacturing and operating costs	(3,822)	(6,855)
	(c) advertising and marketing	(357)	(594)
	(d) leased assets	(21)	(47)
	(e) staff costs	(3,091)	(6,193)
	(f) administration and corporate costs	(1,041)	(1,760)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	11
1.5	Interest and other costs of finance paid	(53)	(54)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	17
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(4,404)**	**(8,020)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	(8,558)	(8,558)
	(c) property, plant and equipment	(445)	(1,161)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 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**	**(9,003)**	**(9,719)**

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
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)	(76)	(151)
3.10	**Net cash from / (used in) financing activities**	**(76)**	**1,711**

4.	**Net increase/(decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	17,625	20,087
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(4,404)	(8,020)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(9,003)	(9,719)
4.4	Net cash from/(used in) financing activities (item 3.10 above)	(76)	1,711
4.5	Effect of movement in exchange rates on cash held	(131)	(48)
4.6	**Cash and cash equivalents at end of period**	**4,011**	**4,011**

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	3,011	16,625
5.2	Call deposits	1,000	1,000
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)**	**4,011**	**17,625**

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	194
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.

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	7,633	5,633
7.2	Credit standby arrangements	60	30
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**7,693**	**5,663**
7.5	**Unused financing facilities available at quarter end**		**2,030**

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 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 Company also received debtor financing of $1.863 million in relation to its Research and Development Grant of $2.3 million which is expected to be received in the coming months.

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 has been repaid in July 2022. The remaining C$3.57 million plus interest at 8.57% per annum is 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)	(4,404)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,011
8.3	Unused finance facilities available at quarter end (Item 7.5)	2,030
8.4	Total available funding (Item 8.2 + Item 8.3)	6,011
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**1.4**

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: No, it is expected that the level of net operating cashflow will improve as a result of cost control measures and revenue growth in subsequent quarters.

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: The Company is presently finalising the terms of a capital raise to address its ongoing capital requirements. The Company believes the capital raise will be successful.

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: Yes. The company expects to be able to continue its operations and meet its business objectives on the basis of successful capital raise.

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: 31 October 2022

Sign here: 

Alistair Warren

(Company Secretary)

Authorised by: The Board