

ASX ANNOUNCEMENT

MARCH 2023

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Continued strong growth in
flower sales in Australia

First shipments to leading German
distributors from Danish facility

Landmark psychedelics
reclassification in Australia

Successful \$5.0 million placement



Highlights:

- Quarterly cash receipts of \$6.7 million
- Revenue of ~\$20 million (unaudited) for financial year
- Increase in flower sales in Australia by nearly 50% from previous quarter
- Successful \$5.0 million placement
- World-first Australian re-classification of psilocybin and MDMA as prescription medicines for certain conditions
- Strategic psychedelics partnership with Australian health insurance fund, HIF
- Achievement of second milestone in obesity trial
- Two new Danish facility supply agreements into the UK and Sweden
- First shipments from Danish facility to two leading distributors in Germany
- Full repayment of Canopy loan post quarter end
- Cash in bank at quarter end of \$12.4 million (prior to Canopy loan repayment)

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 March 2023.

Revenue, cash receipts and cash costs

During the quarter the Company achieved \$6.7 million in customer cash receipts, up from \$6.0 million in the previous quarter and up from \$3.0 million in the prior March quarter. In addition, the Company achieved revenue of ~\$20 million (unaudited) for the financial year ended 31 March 2023, up from \$10.3 million for the prior 9-month financial year ended 31 March 2022.

The graph below depicts the Company's cashflow from operations since its listing in February 2020:



Cashflow from operating activities



* The R&D rebates have been averaged over the financial year to which they relate (the Company expects to receive a ~\$3.0 million R&D rebate relating to Australian expenditure incurred during the 31 March 2023 financial year in the coming quarters). The Company did not have a Q4 FY2022 due to the change in financial year.

Successful \$5.0 million placement

In March 2023, the Company closed a \$5.0 million placement via institutional and professional investors, including a cornerstone investment from TIGA Trading Pty Ltd (Thorney) who, after including its acquisition of 5.0 million shares from Elixer Ltd, became the Company's largest shareholder at ~11.2%.

Full repayment of Canopy debt

During the quarter, LGP repaid Canopy \$0.6 million of the deferred consideration associated with the purchase of LGP's Danish facility in June 2021 and post quarter end, made the final \$4.1 million payment to fully discharge the debt. This now frees up the Danish facility for potential long term debt financing if required.

Sales update

The LGP group saw strong growth in flower sales in Australia during the quarter with a nearly 50% increase quarter on quarter, while oil sales maintained their level. Denmark also saw a 25% increase in its flower sales into Europe and hit the milestones of delivering its first products to Demecan and Illios Santé (post quarter end) in Germany.

In March, LGP Denmark entered into two further non-exclusive EXW supply agreements for its flower into the UK and Europe, with the first being a two-year agreement with UK distributor Hilltop Leaf Ltd and the second a 12-month agreement with Swedish distributor Nordic Range AB.

The Company also continued executing on its international supply commitments, with its current sales and deal pipeline into Europe set out on page 4.



Research and innovation *update*

LGP continued to progress its research & innovation strategy over the quarter. The Company's R&I strategy comprises two aims, being the initiation of clinical studies to enhance prescriber confidence in LGP medicines and the development of new products for supply into the Australian market (e.g. QUEST, Schedule 3 CBD medicines, new strain development), while developing longer term, protectable formulations for a more mature Australian market (including its novel drug obesity trial, Reset Mind Sciences, and drug formulation development projects).



During the quarter the Company and Curtin University achieved the second milestone of LGP's novel drug obesity trial. This trial examines the ability of selected phyto- and endo- cannabinoids to induce secretion of a powerful hormonal mediator known to induce satiety, slow down digestion, lower blood sugar and ultimately promote weight loss. During the quarter the selected cannabinoid molecules were tested (in vivo) and found to be safe and tolerable in healthy mice, generating a preliminary finding that the formulations retarded body weight-gain but did not alter feed intake. These outcomes supported progression to the chronic phase involving longer-term investigation in diet-induced obese mice, with these final formulations to be tested to confirm reversal of obesity in these murine models.

The results obtained so far have materially exceeded the Company's expectations with the selection of the final formulation to be based on biological activity, protectability, and the potential to progress to human clinical trials. The chronic phase of the trial is expected to be completed by end of July 2023.

European sales pipeline



LGP's exclusivity commitment 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.

PARTNER	PRODUCT		CYQ1 2023	CYQ2 2023	CYQ3 2023	CYQ4 2023	CYQ1 2024	CYQ2 2024 onwards	Exclusivity commitment contract value [^]		
GERMANY											
Demecan (AU) (36 month term)	High THC Flower	Shield	[Target development date]						[Target sales period]	January quarter sales \$0.42 million (€0.25 million)	
Demecan (DK) (36 month term)	High THC Flower	Shield	[Target first shipment]	[Target development date]						\$30.0 million (€18 million)	
	High THC Flower	Shield	[Target development date]	[Target licensing Date]	[Target first shipment]	[Target sales period]					
Cannamedical (24 month term)	High THC Flower	Shield	[Target development date]	[Target first shipment]	[Target sales period]					\$5.0 million (€3 million)	
	High THC Flower ¹	Shield	[Target development date]	[Target licensing Date]	[Target first shipment]	[Target sales period]				\$5.0 million (€3 million)	
Ilios Santé (24 month term)	High THC Flower	Shield	[Target development date]	[Target first shipment]	[Target sales period]				\$2.3 million (€1.4 million)		
AMP (36 month term)	Exclusive and Non-exclusive Oils	LGP	[Target sales period]							\$1.7 million (€1 million)	
UNITED KINGDOM											
Sana Life Science (36 month term)	Exclusive Oils	LGP	[Target sales period]							\$1.55 million (€820,000)	
	High THC Flower	LGP	[Target sales period]								
	Balanced Flower	LGP	[Target development date]	[Target licensing Date]	[Target first shipment]	[Target sales period]					
	Non-exclusive Oils	LGP	[Target first shipment]	[Target sales period]							
Hilltop Leaf (24 months)	High THC Flower		[Target development date]			[Target first shipment]	[Target sales period]				No minimum exclusivity commitments
	High THC Flower	LGP	[Target sales period]								
ITALY											
Italian Government	Medium THC Flower	LGP	[Target sales period]							\$165,000 (€100,000)	
POLAND											
Medezin (60 month term)	Oils and High THC Flower	LGP	[Target sales period]						[Target first shipment]	Variable price	
PORTUGAL											
Alkannoli (36 month term)	High THC Flower	LGP	[Target sales period]							No minimum exclusivity commitments	
	High THC Flower	LGP	[Target sales period]								
SWEDEN											
Nordic Range (12 months)	High THC Flower	LGP	[Target development date]			[Target first shipment]	[Target sales period]				No minimum exclusivity commitments

European deal pipeline

Offtaker (24 months)	High THC Flower	Shield	[Target development date]						[Target first shipment]	\$4.7 million (€2.8 million)
-------------------------	-----------------	--------	---------------------------	--	--	--	--	--	-------------------------	------------------------------

KEY [Target development date] [Target licensing Date] [Target first shipment] [Target sales period] [White label products] [LGP] LGP branded products

[^] Assumes satisfaction of conditions precedent and minimum exclusivity purchase or minimum annual quantities 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.

Exchange rates EU:AUD 1:0.60 and GBP:AU 1:0.53

Reset Mind Sciences *update*

Psychedelics reclassification in Australia

The psychedelics industry in Australia saw a significant regulatory development during the quarter with the announcement by the Therapeutic Goods Administration (“TGA”) that psilocybin and MDMA would be reclassified (down scheduled) in certain specifically defined circumstances thereby allowing them to be prescribed by authorised psychiatrists. The announcement means Australia will become the first market in the world to recognise psychedelics as medicines and paves the way for the use of psilocybin for the treatment of treatment resistant depression and MDMA for PTSD outside of a clinical trial environment from 1 July 2023.

Strategic psychedelics alliance with HIF

The Company’s psychedelics focused subsidiary, Reset Mind Sciences (“Reset”), is uniquely positioned to capitalise on this industry momentum given the significant body of work it has undertaken over the last two years. During the quarter, Reset entered into a strategic alliance with Health Insurance Fund of Australia Pty Ltd (“HIF”) to establish a proof-of-concept mental health treatment facility with capability to deliver psychedelic assisted psychotherapy to eligible patients outside of clinical trials. The parties will also undertake a concurrent health economics study to provide HIF with the real-world data necessary to inform potential member coverage for this treatment. In addition, the parties have agreed to a period of exclusivity to negotiate joint development of further treatment centres based on the initial concept. See LGP’s ASX release dated 6 February 2023 for further details.

Psilocybin clinical trial – update

The HIF strategic alliance builds on Reset having received Human Research Ethics Committee (“HREC”) approval to conduct its clinical trial into the efficacy and safety of psilocybin-assisted psychotherapy (“PAP”) involving family members compared to standard PAP for adults with treatment resistant major depressive disorder.



The grant of the HREC approval for the clinical trial is the result of a 18-month+ development and approval process in cooperation with key clinical trial personnel from the University of Western Australia and Edith Cowan University. The trial has taken on added significance and relevance given the TGA’s announcement to reclassify psilocybin (discussed above) and allows Reset to test and refine best practice psychotherapy protocols to accompany administration of psilocybin to trial participants. Recruitment for the trial is anticipated to commence in the second quarter of CY2023 with the trial expected to run for approximately 12 months. It is expected to be the first clinical trial to be conducted in Western Australia using psilocybin.

Psilocybin cultivation facility – update

Reset has now completed construction of its special purpose mushroom cultivation facility which has been delivered to the Company’s cultivation site by the construction contractor. Final site commissioning is underway and mushroom cultivation activities are expected to commence in the coming weeks.

Reset demerger

The proposed demerger of Reset remains a priority for the Company 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.



Quarterly financial *highlights*

During the quarter, the Company generated cash receipts of \$6.7 million and for the financial year it generated ~\$20.0 million (unaudited) in revenue. The key cash flows during the quarter included:

- Customer receipts of \$6.7 million
- Draw-down on Australian R&D rebate financing of \$1.95 million based on expected rebate of ~\$3.0 million for Australian R&D expenditure
- Share placements of \$5.0 million to institutional and professional investors and \$1.1 million to existing shareholders predominately through the Share Purchase Plan with total corresponding costs of \$0.4 million
- Payment of \$0.6 million relating to the Canopy debt incurred from the purchase of LGP's Danish facility in June 2021



In addition to the above, after consideration of the expected time and costs associated with contesting the TGA fines, the Company conceded and paid \$0.1 million during the quarter. The Company expects to pay the remaining \$0.275 million in instalments over the coming months.

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 \$12.4 million and fully discharged its remaining \$4.1 million debt to Canopy post quarter end. The Company also expects to receive an R&D Rebate relating to historic expenditure in Denmark of \$1.8 million in the coming quarter and a further ~\$3.0 million for R&D expenditure in Australia during the 31 March 2023 financial year in the next or following quarter.

Shareholder communications update

An internal review has confirmed 70% of LGP shareholders receive their shareholder communications by post meaning the Company spends thousands of dollars a year sending out these communications. LGP requests that shareholders take 60 seconds to help reduce costs and paper waste by opting to receive all shareholder communications by email: www.computershare.com.au/easyupdate/lgp

ENDS
BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'Alistair Warren', written over a horizontal line.

Alistair Warren
Company Secretary

For further information please contact:

Alistair Warren
Company Secretary

Little Green Pharma
E: a.warren@lgp.global
T: +618 6280 0050

Fleta Solomon
Chief Executive Officer

Little Green Pharma
E: f.solomon@lgp.global
T: +618 6280 0050



About Little Green Pharma

Little Green Pharma is a global, vertically integrated and geographically diverse medicinal cannabis business with operations from cultivation and production through to manufacturing and distribution.

The Company has two global production sites for the manufacture of its own-branded and white-label ranges of GMP-grade medicinal cannabis products, being a 21,500m² 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")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,675	20,980
1.2 Payments for		
(a) research and development	(464)	(1,329)
(b) product manufacturing and operating costs	(3,282)	(14,822)
(c) advertising and marketing	(201)	(988)
(d) leased assets	(29)	(112)
(e) staff costs	(2,948)	(12,280)
(f) administration and corporate costs	(877)	(3,343)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	23
1.5 Interest and other costs of finance paid	(117)	(285)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	22	2,377
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,218)	(9,779)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(545)	(9,102)
(c) property, plant and equipment	(442)	(1,817)
(d) investments	-	-
(e) intellectual property	(17)	(17)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(1,004)	(10,936)
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,098	10,098
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	4	4
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(432)	(696)
3.5	Proceeds from borrowings	1,949	5,812
3.6	Repayment of borrowings	(100)	(1,962)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(70)	(295)
3.10	Net cash from / (used in) financing activities	7,449	12,961
4. Net increase/(decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	7,104	20,087
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(1,218)	(9,779)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(1,004)	(10,936)
4.4	Net cash from/(used in) financing activities (item 3.10 above)	7,449	12,961
4.5	Effect of movement in exchange rates on cash held	69	67
4.6	Cash and cash equivalents at end of period	12,400	12,400

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

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	12,400	7,104
5.2 Call deposits	-	-
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)	12,400	7,104

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	5,770	5,770
7.2 Credit standby arrangements	60	31
7.3 Other (please specify)	1,949	1,949
7.4 Total financing facilities	7,779	7,750
7.5 Unused financing facilities available at quarter end		29

- 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; and
- 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 following other financing facilities are held with Radium Capital:

- a research and development loan facility of \$1.95 million, with an interest rate of 15%. This facility is secured against the company's R&D rebate.

The Group was 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 final repayment of \$4.1 million was made at the beginning of April 2023.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,218)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	12,400
8.3 Unused finance facilities available at quarter end (Item 7.5)	29
8.4 Total available funding (Item 8.2 + Item 8.3)	12,429
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	10.2

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 April 2023

Sign here: 
Alistair Warren
(Company Secretary)

Authorised by: The Board