

ASX ANNOUNCEMENT

DECEMBER 2023

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C



Revenue of \$5.4 million (unaudited) for quarter, with year-to-date revenue of \$18.1 million (unaudited) up 25% on comparative period

Cash receipts of \$5.3 million for quarter, with year-to-date receipts of \$18.8 million up 33% on comparative period, and with majority of \$1.0 million in overdue receivables collected in January

CherryCo brand launched late December 2023 with *Little Buddies* immediately becoming one of LGP's best performing flower products; LGP now has the second largest flower portfolio in Australian market

Total Australian flower sales increased 75% year-to-date on comparative period and vaping products increased 156% from previous quarter

LGP has received ~\$1.0 million in white label sales orders for March 2024 quarter so far

Post quarter end, first shipment to Switzerland, first LGP Denmark shipment to the UK, first shipment to Italy outside of Government tender, and receipt of first import permit for Poland

New laws governing post-French Pilot supply framework announced with LGP anticipated to significantly benefit under the new regime

Reset Mind Sciences psilocybin clinical trial launched in December 2023 and fit-out of Reset Clinic close to completion

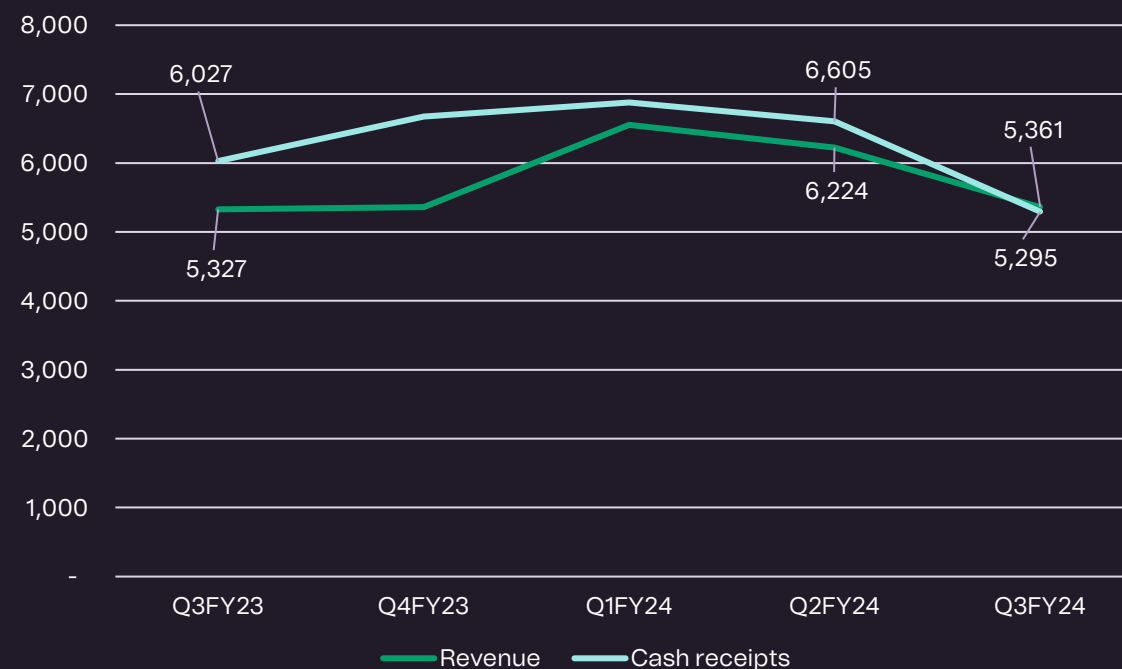
Cash in bank at 31 December 2023 of \$3.7 million with outstanding \$5.0 million R&D rebate expected in February

Revenue and *cash receipts*

Little Green Pharma Ltd (ASX: LGP, “LGP” or the “Company”) is pleased to provide its activities report and Appendix 4C for the quarter ending 31 December 2023.

- Revenues of \$5.4 million (unaudited), with year-to-date revenue of \$18.1 million (unaudited) up 25% on comparative period
- Cash receipts of \$5.3 million, with year-to-date receipts of \$18.8 million up 33% on comparative period and with majority of \$1.0 million of overdue receivables collected in January
- Revenues down \$0.8 million (unaudited) from previous quarter, primarily resulting from oils stock outage in October and November caused by input supplier delays as well as no white label sales to European customers due to ordering cycles over the holiday period. Oil sales recovered to pre-stockout levels in December with LGP already having received ~\$1.0 million in white label sales orders for the March 2024 quarter
- New CherryCo brand flower sales growing rapidly since launch in late December 2023 with *Little Buddies* becoming one of LGP’s best-selling flower products

Quarterly revenue & cash receipts (000’s)



Revenue and *cash receipts*

- Net tangible assets continue to be significantly above the Company's enterprise value
- 31 December 2023 cash in bank \$3.7 million and reduction in long term debt to \$3.4 million since 31 March 2023



*Enterprise value, net tangible assets,
cash & long-term debt (000's)*

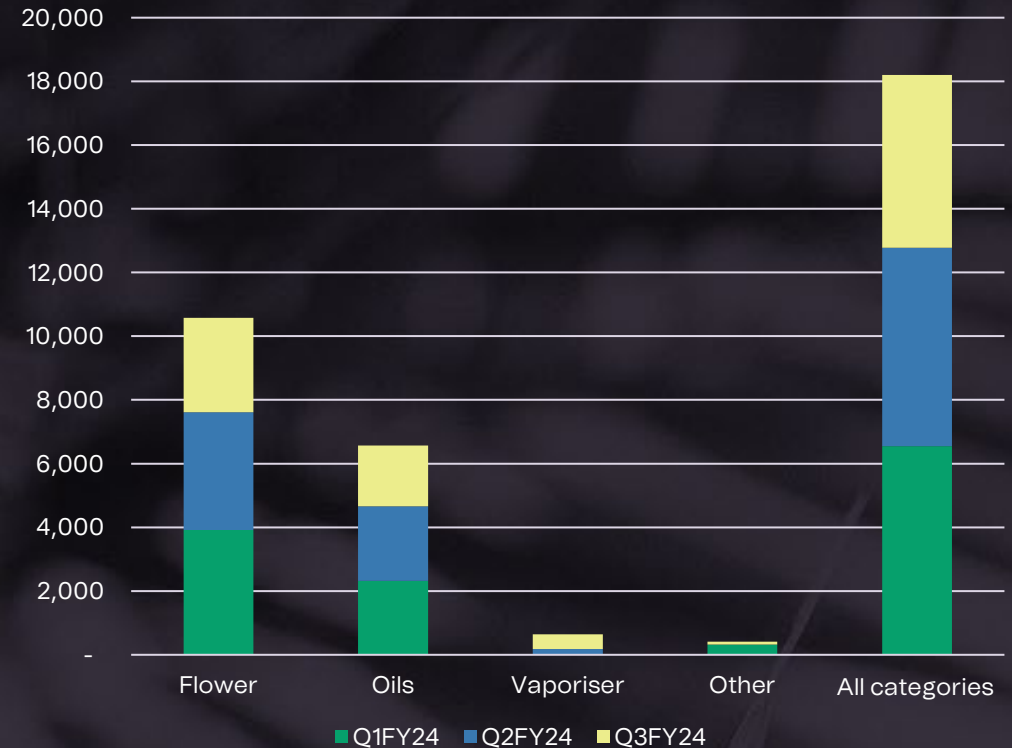


Revenue by *product category* (Unaudited)

- Flower sales down 19% on prior quarter due predominantly to white label customer ordering cycles, with LGP already having received ~\$1.0 million in white label sales orders for the March 2024 quarter
- Oil sales down 19% from the previous quarter due to temporary stock-out on certain SKUs through October and November due to input supplier delays with oil sales recovering to pre-stockout levels in December
- Continued strong growth in vaporiser sales up 156% from previous quarter



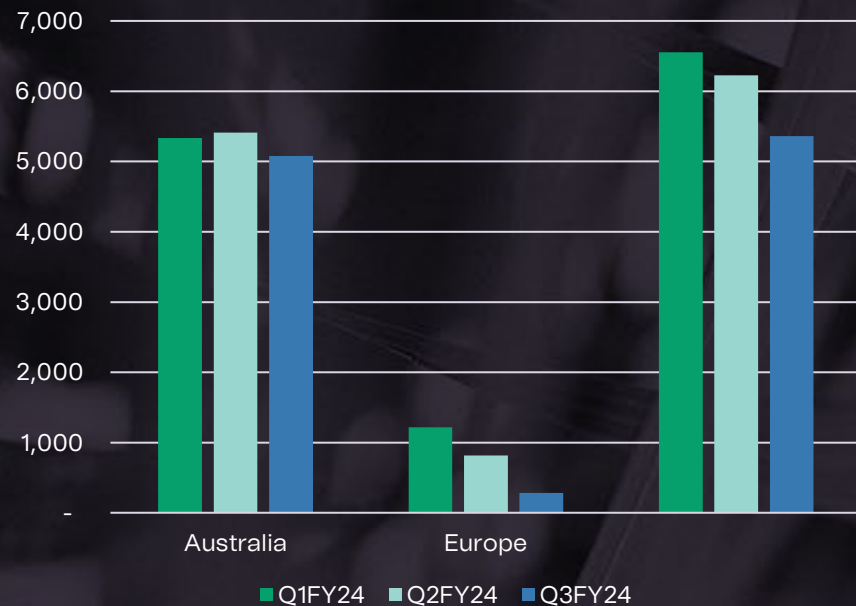
Revenue by product category



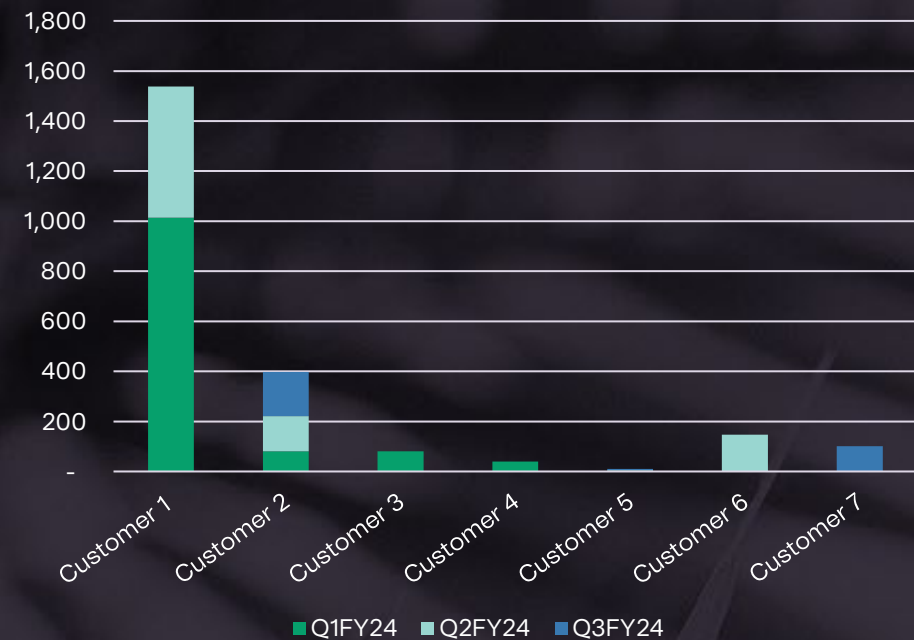
Revenue by segment (Unaudited)

- Sales down from previous quarter primarily due to ordering cycles for white label customers, the October and November oil stock out, and international permitting delays over the holiday period
- LGP had \$0.13 million in white label sales in Australia and no European white label sales during the quarter however its white label customers have placed orders of nearly \$1.0 million¹ for the March 2024 quarter and French sales have continued at a steady state
- In January 2024, LGP delivered shipments into three new supply agreements in the UK, Italy and Switzerland and received an import permit for its first Polish shipment. See further details in the *European and UK sales update* below

Revenue by segment – quarterly



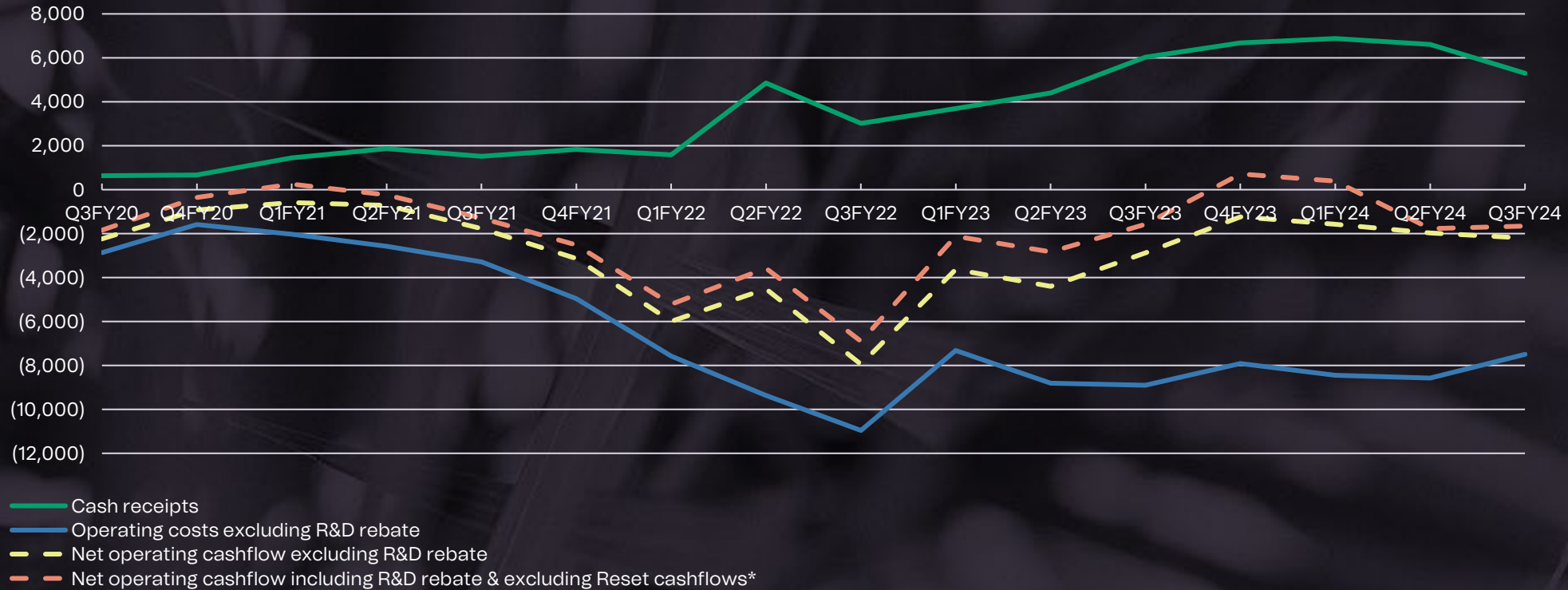
Revenue by EU customer – quarterly



Net cashflows from operations

Net cashflows from operations (000's)

- Product manufacturing and operating costs down 20% compared to previous quarter in part due to lower sales and therefore distribution costs
- Cash receipts were down due to lower sales compounded by late collection of \$1.0 million of overdue receivables



* The R&D rebates have been averaged over the financial year to which they relate (the Company has lodged an R&D rebate claim of \$5.5 million relating to expenditure incurred during the 31 March 2023 financial year) and since inception, LGP has incurred \$2 million in costs associated with Reset which is in the process of being demerged. The Company did not have a Q4 FY2022 due to the change in financial year.

New products *update*



Launch of CherryCo brand

- With flower sales now representing over 75% of the Australian market, LGP launched its new CherryCo brand in late December 2023
- The CherryCo *Little Buddies* range comprises three affordable high THC Indica and Sativa flower products (THC 18% and 22%) in larger bag sizes, with a further three high THC Indica and Sativa flower products (THC 18% and 26%) anticipated for second half of February 2024
- The CherryCo *Signature* range currently comprises a premium high THC Indica dominant flower product (THC 26%) focusing on terpenes, flower size, appearance, and THC content
- Initial *Little Buddies* sales very strong over Christmas period with continued excellent growth throughout January, making it one of LGP's top performing flower products

Say hello to
cherryco™



New products *update*

Launch of LGP Flower Selection Box No.1.

- LGP launched its *LGP Flower Selection Box No. 1* consisting of LGP's top three selling flowers in convenient 5g bags in November 2023
- The *Selection Box* enables prescribers to trial patients on various flower products with one script
- Consistent growth in *Selection Box* sales since November 2023



LGP Australian market penetration

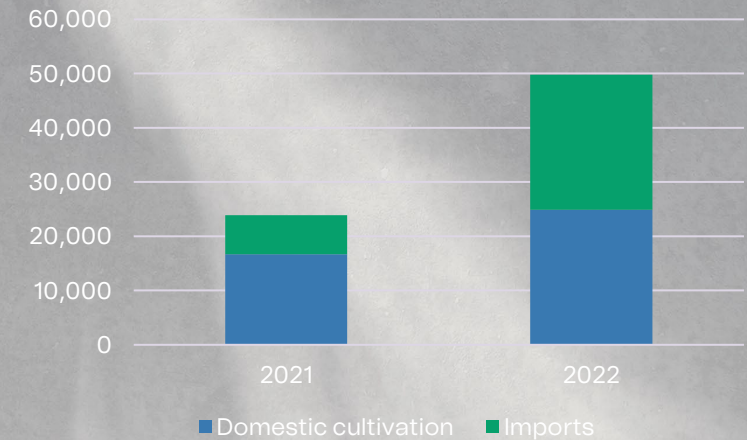
- The launch of CherryCo means LGP now has the second largest flower range in the Australian market while retaining its position as the leading oil supplier
- LGP's Danish Facility continues to expand its flower range offering with over 20 additional genetics in the development pipeline



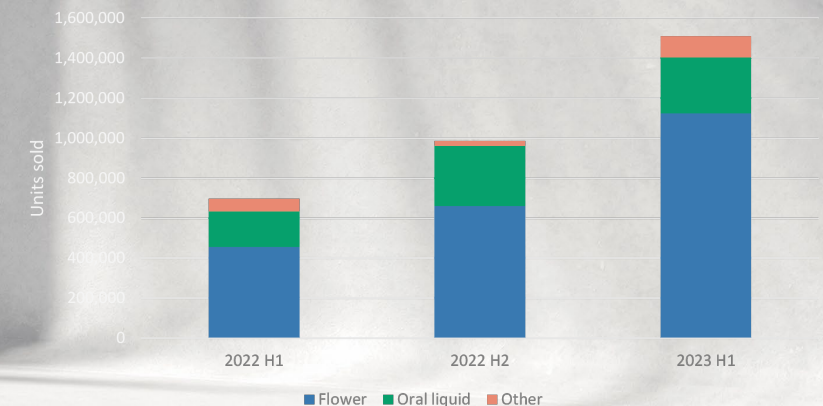
Australian sales *update*

- The Australian market has seen a more than 50% increase in units sold between H2 CY2022 and H1 CY2023 which makes it one of the fastest growing markets globally however H2 CY2023 is likely to have seen a levelling off in line with reductions in patient disposable income
- Flower now represents over 55% of products on market and 75% of total sales, with oil the second largest category and the Other category growing quickly off a low base
- Cheap imported products have started to dominate the Australian market with Canada representing 84% of imports in 2022
- With the introduction of CherryCo, LGP now has the second largest flower portfolio in the Australian market and with CherryCo products at a price point at or below Canadian white label competitors
- LGP also continues to be a leader in the vaporiser category and outright leader in the oils market while maintaining a robust product development pipeline

Amount of medicinal cannabis dried flower domestically cultivated and imported 2021-2022 (kg)



Units of medicinal cannabis products sold, first half (H1) 2022 to first half (H1) 2023, by product format



Source: Pennington Institute – Cannabis in Australia 2023 Report

<https://www.pennington.org.au/wp-content/uploads/2023/12/Cannabis-in-Australia-2023-Report.pdf>

European and UK sales *update*

France

- The end of 2023 marked a decisive turning point in France with the Government signing into law an amendment to the *Project de loi de financement de la Sécurité sociale* (Social Security Financing Order) ("**PLFSS**") which supports the post-Pilot supply of medicinal cannabis from March 2024.¹
- The Amendment confirms up to a 9-month transitional period ("**Transitional Period**") followed by a bespoke, subsidised public access regime for an indefinite period ("**Supply Authorisation Period**")
- January 2024 saw the appointment of a new Minister of the French Ministry of Health and associated team, historically supportive of medical cannabis, which has been very positively received by Pilot suppliers and patient advocacy groups

FIRST STAGE Transitional Period

A €10 million (\$16.6 million)¹ budget has been approved for the supply of medicinal cannabis to existing Pilot patients (estimated to be 2,000 at end of Pilot)

The Pilot suppliers and distributors continue to await confirmation of final pricing for Transitional Period.

Only existing Pilot suppliers (LGP, Panaxia and Aurora) would be entitled to supply Pilot patients with products from the Pilot

SECOND STAGE Supply Authorisation Period

Suppliers can only supply medicinal cannabis products to patients in France following receipt of a unique 'Authorisation for Use' approval ("**Supply Authorisation**"). These Supply Authorisations are anticipated to be for a 5-year term plus 5-year renewal periods

Supply Authorisations will require applicants to submit a dossier that aligns with the specifications outlined in the upcoming decree scheduled for release early next year ("**Decree**") and obtain validation from the French Health regulator

Supply Authorisation holders will be based only in Europe and required to supply products to French-based distributors for distribution and educational services

With the Amendment now signed into law, it is expected the Decree setting out fixed product pricing, patient reimbursement rates and the product registration pathway for the Supply Authorisation Period will also be published during first quarter of CY2024

¹Refer to ASX announcement dated 7 December 2023

European and UK sales *update*

France

- LGP to capitalise on first mover advantage following continuous supply to the Pilot since 2021 and long-established relationships with existing patient, hospital prescriber and pharmacy networks
- LGP remains one of three exclusive suppliers into France during post-Pilot period and very well positioned to secure new *ad-hoc* medicinal cannabis product registrations for its Pilot products for the Supply Authorisation Period
- France represents one of the largest potential medicinal cannabis markets in Europe with over 65 million people
- LGP continues to receive orders for supply of its CBD50 and 1:100 during the Transition Period



European and UK sales *update*

(continued)

Germany

- During the Quarter, one of LGP's customers was granted further irradiation licenses for the supply of two additional high THC (22 – 30%) flowers. Irradiation licences generally take 3-6 months and are a prerequisite for delivery of irradiated products into the country

Switzerland

- In November 2023, LGP agreed supply arrangements for the delivery of three LGP branded flowers into Switzerland, with the first shipment delivered in January 2024

Poland

- In January 2024, the Company's Polish partner received its first import permit for delivery of high-THC flowers into Poland, with first delivery expected in the coming months

United Kingdom

- In December 2023, one of LGP's UK customers received its first import license for LGP's high-THC flower with its first shipment delivered in January 2024

Italy

- In January 2024, LGP sent a pathfinder shipment of a high THC flower product to a new distribution partner in Italy, its first outside the Government tender process



Spanish market *update*

- Since 2020, LGP has supported Spanish medicinal cannabis supplier Trichome Pharma S.L.'s (**Trichome**) establishment of its cannabis cultivation operations in Spain and currently holds a 5.63% interest in Trichome
- The newly formed Spanish Government's recently appointed Minister of Health is committed to establishing a medical cannabis framework in the country, and reported to have commenced an initial framework to regulate medicinal cannabis in partnership with the Spanish Agency for Medicines and Health Products (AEMPS)²
- With a population of over 45 million, Spain could represent a significant emerging medicinal cannabis market in the coming years

²<https://businessofcannabis.com/spain-breaks-medical-cannabis-deadlock-as-new-health-minister-sparks-optimism/>



US market *update* - *proposed rescheduling*

- Since listing, LGP's share price has essentially mirrored the share prices of the North American cannabis companies as can be seen by the MJ ETF ("US ETF to target the global cannabis industry") and the MSOS ETF ("ETF with dedicated cannabis exposure focusing exclusively on U.S. companies, including multi-state operators") graphs below



⁷280E of the Internal Revenue Code prohibits businesses from deducting otherwise established business expenses from gross income associated with the "trafficking" of Schedule I or II substances, as defined by the Controlled Substances Act.

- While the Australian and European medicinal cannabis markets do not have the onerous taxes that apply in the US and Canada, the success or otherwise of these companies materially impacts the share price of the Australian medicinal cannabis sector
- In early January 2024, the United States Department of Health and Human Services (HHS) released an unredacted version of its letter to the Drug Enforcement Agency (DEA) which recommended cannabis be rescheduled from a Schedule 1 to Schedule 3 drug (alongside other drugs such as steroids, testosterone and codeine), and which expressly acknowledged cannabis's effectiveness in treating a wide range of medical conditions
- The recommended rescheduling, if adopted by the DEA as expected, will have significant implications for the US cannabis market, including the removal of Section 280E⁷, which currently prohibits the deduction of business expenses by US cannabis companies, and the opening up of the sector to more institutional investment involvement. The likely flow-on effects on global cannabis markets would likely include a re-rating of all Australian medicinal cannabis companies including LGP

R&D *update*

Southern Cross University Study - Treatment of Fibromyalgia Syndrome using medicinal cannabis

- LGP previously partnered with Southern Cross University to undertake a double-blinded, randomised placebo-controlled, phase-2 clinical trial involving 30 participants administered LGP Classic 10:10 for symptom relief of fibromyalgia (CANN-RELIEF Trial). The clinical trial has now received full ethics approval
- At present, LGP is sponsoring a three-year PhD scholarship at Southern Cross University to conduct research and supervise studies on the treatment of Fibromyalgia Syndrome using LGP Classic 10:10
- The recruitment process is scheduled for completion in early February with research findings anticipated to be released before the conclusion of 2024



R&D *update*

(continued)

Children with Advanced Cancer Clinical Trial – QUT

- In early December, the clinical team at Queensland University of Technology enrolled their first participant for a randomised blinded trial focused on exploring symptom management in children facing advanced cancer
- Little Green Pharma provides the LGP Classic 10:10 and 1:100 investigational products with the trial anticipated to provide LGP with significant insights into its products and enhance the evidence gathered in the field of oncology

Global QUEST Initiative update

- Study recruitment continues to progress well with over 85 prescribers and 794 patients to date and QUEST now offering LGP's 10g Desert Flame product as part of the Study



Clinical trial launched

- Reset sponsored Western Australian psilocybin clinical trial launched with clinical trial site at Harry Perkins Institute of Medical Research in Perth opening in last week of December and first trial patient attending their clinical review appointment

Reset clinic fit-out

- Fit-out of Reset Clinic on track to be completed in the coming quarter
- Reset Clinic located in prime Perth medical precinct

Demerger and capital raise

- The Reset Prospectus Offer closing date has been extended to 20 February 2024 to allow facilitation of regulatory approvals by AIM to allow investment by a UK investor, with LGP's associated Extraordinary General Meeting now scheduled for 21 February 2024¹⁰

¹⁰Refer to ASX announcement dated 17 January 2024



Quarterly financial *highlights*

- During the quarter, the Company generated revenue of \$5.4 million (unaudited) and cash receipts of \$5.3 million
- The key cash flows during the quarter included:
 - o customer cash receipts of \$5.3 million
 - o receipt of Reset Mind Sciences R&D tax incentive rebate of a net \$0.36 million
 - o demerger costs of \$0.45 million classified as Other
- Related party transactions during the quarter comprised \$0.25 million in remuneration and allowances paid to the directors of the Company
- Cash in bank of \$3.7 million at 31 December 2023 with the expectation that LGP's \$5.0 million R&D rebate will be received in February (of which \$2.2 million has been factored and will be repaid to Radium Capital)



ENDS
BY ORDER OF THE BOARD



Alistair Warren
Company Secretary

For further information please contact:

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Company Secretary

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Chief Executive Officer

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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 Danish production facility with a potential nameplate capacity of over 30 tonnes of cannabis biomass per annum and a West Australia premium indoor GMP production facility specialising in premium hand-crafted cannabis strains.

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")

Sunday, 31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1 Cash flows from operating activities			
1.1	Receipts from customers	5,295	18,778
1.2	Payments for		
	(a) research and development	(68)	(409)
	(b) product manufacturing and operating costs	(3,405)	(11,699)
	(c) advertising and marketing	(170)	(668)
	(d) leased assets	(85)	(353)
	(e) staff costs	(2,874)	(8,660)
	(f) administration and corporate costs	(803)	(2,199)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	14	22
1.5	Interest and other costs of finance paid	(63)	(248)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	366	2,155
1.8	Other (provide details if material)	(45)	(311)
1.9	Net cash from / (used in) operating activities	(1,838)	(3,592)
2 Cash flows from investing activities			
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	(4,121)
	(c) property, plant and equipment	(324)	(1,128)
	(d) investments	-	-
	(e) intellectual property	(82)	(124)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	2,696
	(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	(406)	(2,677)
3 Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	50
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	3
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(236)	(2,350)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(68)
3.1	Net cash from / (used in) financing activities	(236)	(2,365)
4 Net increase/(decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	6,202	12,400
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(1,838)	(3,592)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(406)	(2,677)
4.4	Net cash from/(used in) financing activities (item 3.10 above)	(236)	(2,365)
4.5	Effect of movement in exchange rates on cash held	(38)	(82)
4.6	Cash and cash equivalents at end of period	3,684	3,684

5 Reconciliation of cash and cash equivalents		Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		\$A'000	\$A'000
5.1	Bank balances	3,684	6,202
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)	3,684	6,202

6 Payments to related parties of the entity and their associates		Current quarter	Previous quarter
		\$A'000	\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	250	219
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		Total facility amount at quarter end	Amount drawn at quarter end
<i>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.</i>		\$A'000	\$A'000
7.1	Loan facilities	3,424	3,424
7.2	Credit standby arrangements	60	10
7.3	Other (please specify)	-	-
7.4	Total financing facilities	3,484	3,434
7.5	Unused financing facilities available at quarter end		50

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 \$1.86 million with a current weighted average interest rate of 7.14% and a three-year term secured by registered first mortgage on the Company's south-west property complex;
- equipment finance of \$1.57 million with a fixed interest rate of 7.68% secured by a chattel mortgage over the underlying equipment;
- 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:

- The company has also factored \$2.21 million of its \$5.08 million research and development rebate through Radium Capital. It carries an interest rate of 19% and repayment will be taken from the R&D rebate expected in the coming quarters.

8 Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,838)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,684
8.3	Unused finance facilities available at quarter end (Item 7.5)	50
8.4	Total available funding (Item 8.2 + Item 8.3)	3,734
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.0

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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: Tuesday, 30 January 2024

Sign here:



Alistair Warren
(Company Secretary)

Authorised by: The Board