DECEMBER 2021

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

RECORD REVENUE AND CASH RECEIPTS FOR QUARTER

LGP'S EU DISTRIBUTION PLATFORM NOW WITH ACCESS TO OVER 60% OF EU POPULATION

REGISTRATION OF FIRST LOCALLY PRODUCED CANNABIS MEDICINE IN DENMARK

Highlights

- Company achieves record quarterly revenue and cash-receipts, with ~$3.7 million revenue (unaudited) and $4.9 million in cash receipts
- Agreements signed for exclusive distribution partnerships in Germany and Greece, including for medicines produced from LGP's Danish Facility
- Granted Denmark's first locally produced cannabis medicine registration, with encouraging first sales in January 2022
- Danish Facility prequalifies for Italian government medicinal cannabis tender and submits first bid
- Strongly positioned to capitalise on French market, with LGP continuing to be the preferred primary supplier into the French trial with less than a year until completion
- Receives unconditional approval of $5.8 million financing facility from National Australia Bank
- Receives research and development rebate of $1.9 million
- Strong balance sheet with $25.2 million cash in bank

Little Green Pharma Ltd (ASX: LGP, **"LGP", "Group",** or the **"Company"**) is pleased to provide its quarterly activities report and Appendix 4C for the period ending December 2021.

Revenue and cash receipts

During the Quarter, the Company achieved a record ~$3.7 million in revenue (unaudited), an increase of over 15% from the previous quarter despite the cyclical reduction in sales normally experienced during the holiday period. This represents more than a 50% increase from the corresponding 2020 quarter.

LGP also generated record cash receipts of $4.8 million in the Quarter, even after accounting for the $0.9 million due in the previous quarter which was received in the first few days of Q2FY22.

Australian patient and prescriber results

During the Quarter, the Company achieved a record number of 117 new prescribers, an average of 39 new prescribers per month. The Company is still awaiting new patient numbers from its wholesalers however anticipates new patients for the Quarter are likely to be lower than the previous quarter given the cyclical slowdown over the Christmas holiday period.

International distribution

In addition to supplying Demecan in Germany with close to $750,000 worth of white label medicinal cannabis flower during the Quarter and registering Denmark's first locally produced cannabis medicine, LGP continued its negotiations with a range of other potential key distributors across the EU, the United Kingdom and the British Isles.

Post-Quarter end, LGP signed agreements for the distribution of LGP-branded cannabis medicines with two of these key distribution partners, being AMP Medical Products GmbH in Germany (see ASX announcement dated 19 January 2022) and PharmaServe Hellas SMSACI in Greece (see ASX announcement dated 21 January 2022).

LGP also prequalified its Danish Facility with the Italian government during the Quarter and in January 2022 participated in its first Italian tender, with tender award expected in February 2022. These government tenders represent the sole product pathway into Italy with only a very limited number of suppliers meeting the strict requirements for participation.

LGP continues to be the predominant supplier of medicinal cannabis products to the French Pilot trial (see ASX announcement dated 27 January 2021) which is also currently the only pathway for medicinal cannabis into France. With only a year to the end of the Pilot program and only four producers supplying into the Pilot, the Company has started investing in its post-Pilot positioning and further consolidating its close relationship with its distributor, Intsel Chimos.

During the Quarter, the Company also hosted Medezin Sp. S.o.o in connection with their vendor qualification of the Danish Facility, after the Company successfully submitted its dossier for product registration in Poland for cannabis medicines from its facilities (see ASX announcement dated 17 June 2021).

LGP now has supply pathways into Germany, France, Italy, Poland, Greece, and Denmark, which gives it access to over 265 million EU citizens, representing more than 60% of the EU population, and including four out of the five most populated countries in the EU.

Registration of Denmark's first locally-produced cannabis medicine

In November 2021, LGP's "Billinol LGP 16" medicinal cannabis flower was approved for sale in Denmark. "Billinol LGP 16" is Denmark's first locally-produced cannabis medicine since legalisation in 2018 and follows a robust 2.5 years regulatory approval process with the Danish pharmaceutical authorities.

The Company has subsequently agreed wholesaling arrangements with subsidiaries of the two largest wholesalers in Europe, Nomeco (Phoenix Group) and Tjellesen Max Jenne (McKesson Europe) enabling the supply of Billinol in Danish pharmacies and hospitals, as well as a contract with Movianto to distribute product for the remainder of Scandinavia.

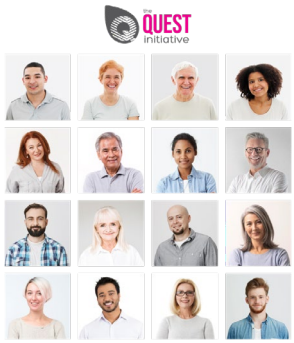
Prescriber interest in Billinol has been relatively strong given LGP is only one of two suppliers in Denmark, with the first Billinol medicines supplied to Danish patients early in January 2022 and the ramp-up of sales exceeding expectations.

GMP certification of analytical laboratory facility

During the period, LGP Denmark received its GMP certificate to provide analytical testing services to third parties. There are currently no GMP certified cannabis testing laboratories in Denmark and a very limited number in Europe. As such LGP has commenced offering testing services to other Danish and European medicinal cannabis producers.

Online ordering platform with home delivery

LGP has now completed the build of its new Australian online medicinal cannabis ordering platform with its launch expected in the coming weeks. The platform will streamline the ordering and delivery process and reduce delivery times down to 1 – 2 days for patients using an e-script, with products being delivered directly to patients' homes.



Research & Development update

The QUEST Initiative

As of 31 December 2021, the QUEST Initiative and its 100+ participating doctors across Australia had successfully completed baseline recruitment of 3,365 participants. This achievement makes the QUEST Initiative the world's largest longitudinal study investigating the quality of life and health economics on patients with chronic disease who have been prescribed medicinal cannabis. LGP expects the study findings will produce independent, clinically valid, real-world quality of life and health economic analysis to help guide LGP's product development pipeline.

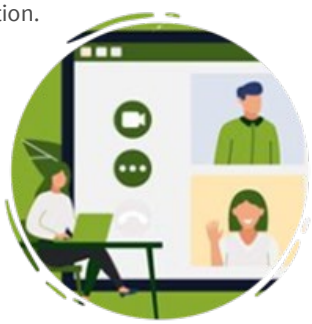
In line with its protocol, the QUEST Initiative has now ceased recruitment, with interim study findings expected to be available mid-2022. With the success of the first QUEST Initiative, in December 2021 LGP submitted for ethics approval for an expanded Global QUEST Initiative with recruitment expected to commence in Q3FY22.

Clinical Studies

During the Quarter, results from the LGP Classic 10:10 refractory pain study were accepted for publication in the peer-reviewed journal, "Medical Cannabis and Cannabinoids". These results represented successful clinical validation of LGP's Classic 10:10 product and comprised highly relevant clinical findings, given the patient cohort comprised cases where existing medications, including opioids, NSAIDs and steroids, had failed to provide relief.

Successful pre-submission meeting with TGA for Schedule 3 registration

On 21 December 2021, the Company held a pre-submission meeting with the Therapeutic Goods Administration (TGA) during which it successfully presented its clinical trial strategy for its proposed Schedule 3 CBD medication. Based on this meeting, the Company now has a clear understanding of the pathway to product registration.



Regulatory update

On 18 January 2022, the TGA formally updated the medicinal cannabis industry on its implementation program requiring all foreign cannabis suppliers to comply with Australian Good Manufacturing Practices (GMP) standards when importing medicinal cannabis to Australia. The TGA has confirmed the regulatory change will come into effect from March 2022, with a yet-to-be-confirmed transition period for non-compliant suppliers. With both LGP's Australian and Danish facilities being GMP certified, these positive changes for patient safety should result in reduced competition for the Company from low-cost unregulated jurisdictions.

Psychedelics business update

During the reporting period, the Company's psychedelic subsidiary was renamed Reset Mind Sciences Limited and finalised the design of a stand-alone grow room for psilocybin mushrooms, with construction to commence imminently.

Planning also continued for a West Australian based clinical trial into psilocybin assisted psychotherapy, with the trial currently in protocol development phase. The Company has received an import permit from the Office of Drug Control for synthetic psilocybin to be used in the trial.

Quarterly financial highlights

During the Quarter, the Company generated revenue of $3.7 million (unaudited) and cash receipts of $4.8 million.

The key cash flows during the Quarter included:

- Customer receipts of $4.9 million;
- Receipt of R&D rebate of $1.9 million;
- Capital expenditure of $1.2 million associated with the GMP facility expansion in Australia and lighting and automation equipment in Denmark;
- Increased power costs associated with the Danish facility due to an increase in the electricity spot price; and
- Increased product dispensing costs associated with increased cash receipts for the Quarter.

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

The Company has also received unconditional approval from National Australia Bank for a $5.8 million financing facility, which comprises a $3.8 million finance facility secured against its WA production facilities and a $2.0 million equipment finance lease subject to finalisation of loan documentation.

In the coming quarter, LGP anticipates continued growth in sales, ~$1.5 million to complete the Company's planned capex programs across the group and a reduction in opex costs as operations in Denmark are automated and right sized.

The Company finished the Quarter with cash of $25.2 million. Given the above anticipated cash flows and limited remaining capex expenditure the Company expects to be in a strong position to fund further sales and marketing activities in the current and future quarters.

The Company completed its IPO in February 2020 and in accordance with the ASX Guidance Note 23, Appendix One to this report sets out the use of funds since admission to the ASX.

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 20 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 Ltd

Appendix One to the Quarterly Activities Report

31 December 2021

Reconciliation of the Use of Funds Statement from the Prospectus

	Prospectus Use of Funds	Total Funds used to 31 December 2021^	Fund used in the December 2021 Quarter^
	$A'000	**$A'000**	**$A'000**
Sales and Marketing	1,650	4,163	721
Research and Development	1,500	3,529*	362*
Systems implementation	1,500	895	122
Manufacturing site expansion	1,500	1,543	-
Education activities	1,000	1,240	254
Regulatory compliance	500	2,350	501
International office costs	500	522	45
Inventory build up	850	844	-
Costs of the Offer	1,000	1,223	-
Total Use of Funds	**10,000**	**16,309**	2,005

*R&D is shown on a gross basis and excludes the R&D tax incentive

^ Note that funds received from income have also been attributed to these expense categories.
Pursuant to ASX Guidance Note 23, this quarterly activity report sets out a comparison of the actual expenditure on the individual line items in the "use of funds" statement since the date of admission to the ASX against the prospectus lodged with ASIC in December 2019.

The variance in relation to the costs of the offer relates to higher than anticipated costs in relation to the preparation and drafting of the prospectus with a portion of the variance in relation to the regulatory compliance relating to costs associated with insurance, licencing and permitting. The other variances relate to the Prospectus Use of Funds being expected expenditure for the 12 months post IPO compared to the Total Funds Used to 31 December 2021 being for a period of 22 months.

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	31 December 2021

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	4,853	6,440
1.2	Payments for		
	(a) research and development	(744)	(1,313)
	(b) product manufacturing and operating costs	(3,920)	(6,756)
	(c) advertising and marketing	(537)	(1,081)
	(d) leased assets	(2)	(4)
	(e) staff costs	(3,362)	(6,324)
	(f) administration and corporate costs	(784)	(1,453)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	9
1.5	Interest and other costs of finance paid	(24)	(30)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	1,929	1,933
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,587)**	**(8,579)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	(193)	(209)
	(b) businesses	-	-
	(c) property, plant and equipment	(1,181)	(6,241)
	(d) investments	-	-
	(e) intellectual property	(9)	(20)
	(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	24	24
	(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**	**(1,359)**	**(6,446)**

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	-	-
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)	(74)	(135)
3.10	**Net cash from / (used in) financing activities**	**(74)**	**(135)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	29,176	40,269
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,587)	(8,579)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,359)	(6,446)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(74)	(135)
4.5	Effect of movement in exchange rates on cash held	14	61
4.6	**Cash and cash equivalents at end of period**	**25,170**	**25,170**

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	23,170	27,176
5.2	Call deposits	2,000	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**25,170**	**29,176**

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	206
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	5,770	-
7.2	Credit standby arrangements	60	1
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	5,830	1
7.5	**Unused financing facilities available at quarter end**		5,829

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 loan facilities relate to the Company's unconditional approval for:

- business markets loan with the National Australia Bank Ltd ("NAB") of A$3.77 million, with a drawn rate of 3.79%, maximum three year term and is secured by registered first mortgage on the Company's south-west property complex; and
- equipment finance revolving facility with the NAB, with a variable interest rate, a limit of A$2.00 million and is secured by a chattel mortgage over the underlying equipment.

The credit standby arrangements relate to the Company's credit card facility with the National Australia Bank ("NAB") at a variable interest rate and an unspecified term. As part of this facility, the NAB holds a $60,000 term deposit as security.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,587)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	25,170
8.3	Unused finance facilities available at quarter end (Item 7.5)	5,829
8.4	Total available funding (Item 8.2 + Item 8.3)	30,999
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**12**

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 January 2022

Sign here: 

Alistair Warren

(Company Secretary)

Authorised by: The Board