

DECEMBER 2020 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

RECORD QUARTERLY REVENUE

SUCCESS IN NATIONAL FRENCH MEDICINAL CANNABIS TENDER

COMPANY CONTINUES TO DELIVER ON ITS STRATEGIC PLAN

Highlights

- Record quarterly sales revenue of \$2.45 million (unaudited), up 90% on the previous quarter
- 12,500+ unit sales in Australia, up 50% on the previous quarter
- LGP awarded a primary medicinal cannabis oil supplier role in French government medicinal cannabis trial
- First shipment of LGP cannabis oil medicines batch released and sold into German market and first pathway shipment of LGP cannabis oil medicines shipped to New Zealand
- Capacity of LGP's south west cultivation facility re-rated up to ~3,000 kilograms per annum (up from 1,750kg per annum)
- Release of new LGP Classic 1:100 medicinal cannabis oil formulation
- Company partners with HIF and secures medicinal cannabis rebate for HIF members
- Increase in cash in bank at quarter end to \$4.5 million

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 December 2020.





Continued strong sales, patient, and prescriber growth

During the quarter, the Company achieved:

- ✔ Record quarterly sales revenue of \$2.45 million (unaudited), up 90% on the previous quarter;
 - Revenue includes over \$600,000 from sales into Germany and the UK
- ✔ 12,500+ unit sales in Australia, up 50% compared to the previous quarter;
- ✔ Over 20% patient growth compared to previous quarter, with over 2,700 new patients being prescribed LGP medicines, bringing the total lifetime patients to ~9,500; and
- ✔ an additional 60 new Australian prescribers, bringing the total lifetime prescribers to over 450.

Export sales update – CC Pharma, New Zealand, and EU flower shipments

LGP exported its first commercial shipment of medicinal cannabis oils to Germany on 19 November 2020. The medicines were received, GMP-tested, and successfully batch-released into the German market in December 2020.

On 24 December 2020, LGP successfully shipped a pathfinder shipment of 30 units of LGP cannabis oil medicines to New Zealand.

The Company is also finalising its first export shipment of cannabis flower medicines for the EU market and anticipates shipping early in the next Quarter.

LGP awarded primary supplier role in French trial

The Company has been awarded a primary supplier role for a national French medicinal cannabis trial in partnership with Intsel Chimos, a leading French pharmaceutical distributor. LGP’s selection for the trial is anticipated to generate a first-mover advantage for LGP and allow it to establish a foothold in the French market prior to the anticipated legalisation of medicinal cannabis in France. Success of the trial is anticipated to catalyse legalisation of a future €4 billion French medicinal cannabis market.

As shown by LGP’s own Australian market experience, a first-mover advantage can yield significant benefits, including heightened brand-recognition and sales advantages in newly-forming pharmaceutical markets.

LGP’s appointment confirms the merit of its approach in developing a robust, export-led sales strategy and its status as a significant export competitor alongside other global medicinal cannabis producers Tilray, Panaxia and Aurora, who were also selected for the trial.

Further details in relation to the trial are provided in ASX release dated 27 January 2021.

Cultivation facility capacity re-rating

Following successful harvests during the quarter, the Company re-rated its expanded indoor GACP cultivation facility to 300,000 (50mL) bottles equivalent of cannabis oil per annum (equivalent to ~3,000 kg flower), up from 110,000 bottles. Combined with its multiple existing supply lines of high-quality third-party raw materials, this additional capacity ensures the Company can meet its current contracted and anticipated future domestic and offshore GMP flower and oil supply commitments.

New medicines

The Company recently released its new LGP Classic 1:100 medicinal cannabis oil formulation to the Australian market. The formulation was developed in consultation with Australian LGP prescribers based on their patients’ requirements.



Partnership with HIF and continued progress of large-scale study

During the quarter, the Company and Health Insurance Fund (“HIF”) agreed a partnership to support improved access to and affordability of medicinal cannabis through the payment of rebates for cannabis medicines to eligible HIF members. The Company is close to launching its large-scale medicinal cannabis observational study referred to in the previous Quarterly, with over 60 patients successfully onboarded as part of its soft-launch, and with the formal launch anticipated early in the next quarter. HIF and the Company will also provide financial support in connection with the large-scale observational study referred to above.

Quarterly financial highlights

During the Quarter, the Company generated revenue of \$2.45 million (unaudited) with cash receipts of \$1.86 million, finishing the quarter with an increased cash position of \$4.5 million.

The Company’s net operating cash inflow for the quarter was \$853,000, an improvement from the prior period cash outflow of \$234,000. This improvement was driven by growth in sales revenue and receipt of the R&D rebate, as well as receipt of payment for the CC Pharma shipment.

The key cash flows during the quarter included:

- ✔ R&D activities focussed on developing new products, progressing work on new delivery systems, and payments to research partners;
- ✔ inventory build-up and other operating costs; sales and marketing activities focussed on opening channels in Europe, including Germany, Poland, Brazil and Denmark; and the education of healthcare professionals in Australia;
- ✔ staff, administration and corporate costs;
- ✔ receipt of the \$1.4 million Research & Development rebate from the Australian Tax Office;
- ✔ conversion of options in the ordinary shares of the Company resulting in the receipt of cash proceeds of \$787,000;
- ✔ repayment of \$1.0 million debtor financing in relation to the Company’s Research & Development rebate; and
- ✔ receipt of \$600,000 in respect of the CC Pharma shipment.

Related party transactions during the quarter comprised \$144,000 in remuneration and allowances paid to directors of the Company.

The Company expects to maintain a strong cash position through to the March 2021 quarter driven by:

- continued increases in domestic sales; and
- further medicine sales into the EU.

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.

TGA GMP review of imported medicines

Currently, Australia’s medicinal cannabis manufacturing laws tolerate a two-tiered approach to manufacturing quality for Australian patients, with imported medicinal cannabis products not required to meet Good Manufacturing Practice (“GMP”) manufacturing standards. Consistent with all other pharmaceutical products produced or imported into Australia, Australian cannabis medicines manufacturers must comply with GMP standards.

It is understood this exception was initially applied to expediate the accessibility of cannabis medicines to Australian patients from suppliers in jurisdictions that might otherwise not comply with GMP requirements, such as Canada.

On 18 December 2020 the Therapeutic Goods Administration (“TGA”) announced a review of the current exception for imported cannabis medicines from the requirement to meet GMP manufacturing standards. The proposed review will examine whether the TGA will require imported cannabis medicines to be manufactured in accordance with equivalent GMP standards, or to leave the status quo. As a GMP manufacturer, LGP anticipates that any change requiring all imported cannabis medicines to comply with GMP may have a meaningful impact on medicinal cannabis market dynamics, particularly for those suppliers who rely primarily on non-GMP quality imported cannabis medicines.



ENDS

BY ORDER OF THE BOARD



Alistair Warren
Company Secretary

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About Little Green Pharma

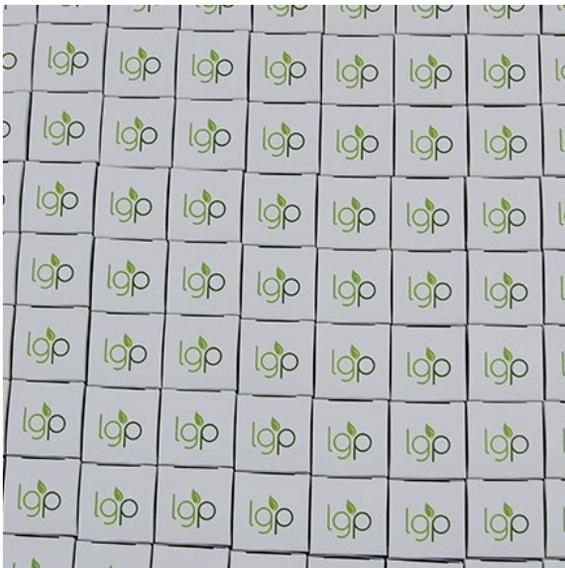
Little Green Pharma is a vertically integrated medicinal cannabis business with operations from cultivation and production through to manufacturing and distribution.

The Company has an indoor cultivation facility and manufacturing facility in Western Australia for the production of its own-branded range of GMP-grade medicinal cannabis products.

Little Green Pharma products comply with all required 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 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 2020

Reconciliation of the Use of Funds
 Statement from the Prospectus

| | Prospectus Use of Funds | Total Funds used to 31 December 2020 | Fund used in the December 2020 Quarter |
|------------------------------|----------------------------|---|--|
| | \$A'000 | \$A'000 | \$A'000 |
| Sales and Marketing | 1,650 | 1,771 | 301 |
| Research and Development | 1,500 | 797* | 299 |
| Systems implementation | 1,500 | 512 | 87 |
| Manufacturing site expansion | 1,500 | 1,543 | 79 |
| Education activities | 1,000 | 496 | 118 |
| Regulatory compliance | 500 | 734 | 155 |
| International office costs | 500 | 306 | 57 |
| Inventory build up | 850 | 844 | - |
| Costs of the Offer | 1,000 | 1,223 | - |
| Total Use of Funds | 10,000 | 8,226 | 1,096 |

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

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 the variance in relation to the regulatory compliance relating to costs associated with licencing and permitting.

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 December 2020

| 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 | 1,862 | 3,303 |
| 1.2 Payments for | | |
| (a) research and development | (212) | (346) |
| (b) product manufacturing and operating costs | (984) | (1,934) |
| (c) advertising and marketing | (223) | (326) |
| (d) leased assets | (6) | (9) |
| (e) staff costs | (802) | (1,323) |
| (f) administration and corporate costs | (345) | (663) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 4 | 9 |
| 1.5 Interest and other costs of finance paid | (15) | (26) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 1,574 | 1,934 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | 853 | 619 |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (190) | (998) |
| (d) investments | - | - |
| (e) intellectual property | (13) | (134) |
| (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 | (203) | (1,132) |

| | | | |
|-------------|---|--------------|------------|
| 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 | 787 | 866 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | 1,016 |
| 3.6 | Repayment of borrowings | (1,016) | (1,016) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | (90) | (133) |
| 3.10 | Net cash from / (used in) financing activities | (319) | 733 |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 4,163 | 4,274 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 853 | 619 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (203) | (1,132) |

| 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) | (319) | 733 |
| 4.5 | Effect of movement in exchange rates on cash held | (2) | (2) |
| 4.6 | Cash and cash equivalents at end of period | 4,492 | 4,492 |

| 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 | 2,492 | 2,163 |
| 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) | 4,492 | 4,163 |

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 |
|------------------------------------|
| 144 |
| - |

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 | - | - |
| 7.2 Credit standby arrangements | 60 | 21 |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 60 | 60 |

7.5 **Unused financing facilities available at quarter end** 39

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 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) | 853 |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 4,492 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | 39 |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 4,531 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | N/A |

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: 29 January 2021

Sign here: 

Alistair Warren
(Company Secretary)

Authorised by: The Board