

MARCH 2021

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

SIGNIFICANT TRANSITIONAL QUARTER FOR LGP

**RAPID MOVE INTO FULL PRODUCTION TO MEET SUBSTANTIAL
LOCAL AND OFFSHORE DEMAND**

SUCCESSFUL CAPITAL RAISE OF ~\$27 MILLION

ACHIEVEMENT OF KEY R&D MILESTONES

Highlights

Australia

-  Australian revenue up 29% to \$2.33 million compared to \$1.81 million in the prior Quarter
-  Australian units sold up 36% to 17,000 compared to 12,500 in the prior Quarter
-  Execution of binding term sheet for purchase of freehold cultivation and manufacturing facility properties together with two adjacent properties
-  Launch of QUEST, intended to be one of the world's largest quality of life observational studies into medicinal cannabis, in Australia
-  Successful completion of clinical investigation into LGP Classic 10:10 cannabis oil medicine
-  First phase of 3 phase development pathway of patented ARISE medicinal cannabis formulation completed
-  Release of new cannabis flower medicine into Australia



Highlights (cont.)

International

-  First shipment of cannabis flower medicines released into Germany and first shipment of cannabis medicines delivered into French national trial
-  Agreement signed with Balancial for distribution of LGP-branded cannabis medicines into Denmark
-  Company poised to meet substantial follow-on orders for sales into the EU from DEMECAN in Germany for 17,000 units in 1Q FY22, in addition to 9,000 units in 4Q FY21 (see ASX announcement dated 15 March 2021)

Corporate

-  Successful capital raising of ~\$27 million through an over-subscribed institutional placement and Share Purchase Plan
-  Cash balance at end of the Quarter of \$28.5 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 March 2021.

Growth in sales, patients, and prescribers

During the Quarter, the Company achieved:

- Total quarterly sales revenues of \$2.46 million (unaudited) compared with \$2.45 million (unaudited) in the prior Quarter:
 - Australian sales up 29% to \$2.33 million (unaudited) and unit sales up 36% to 17,000 respectively compared to the prior Quarter
 - Overseas sales were \$0.13 million (unaudited) compared to \$0.64 million (unaudited) in the prior Quarter (which included a \$0.60 million single order from CC Pharma)
- LGP expects overseas sales momentum to resume in subsequent quarters:
 - Subsequent to the Quarter, LGP received its 1Q FY22 purchase order from DEMECAN for 17,000 units in addition to its 4Q FY21 order of 9,000 units (the latter in excess of \$1.1 million)
 - Executed agreement with Balancial for the distribution of LGP-branded cannabis medicines into Denmark

Growth in sales, patients, and prescribers

- Over 2,400 new patients were prescribed LGP medicines (2,700 in the prior Quarter), bringing the total lifetime patients to 11,900; and
- 60 new prescribers prescribed during the Quarter (60 in the prior Quarter), resulting in a total of 510 lifetime Australian prescribers.

Transition to full production and strengthening of sales and business development teams

The Quarter represented a significant operational growth period for the Company. During the period, the Company:

- rapidly expanded its cultivation, quality and manufacturing teams to ensure its facilities meet anticipated market demand for medicinal cannabis flower products in Australia and the EU;
- expanded its marketing and MSL teams domestically and internationally to drive increased sales into the EU and the east coast of Australia; and
- strengthened European operations with key hires to drive LGP’s European business development plans and growth ambitions.

Successful ~\$22 million Institutional Placement and \$5 million Share Purchase Plan (SPP)

In February 2021, the Company successfully completed an institutional placement to raise ~\$22 million at \$0.65 per share (“Placement”). Immediately following the Placement, the Company successfully raised a further \$5 million from shareholders via an SPP on the same terms as the Placement. For further information on the Placement and SPP see ASX announcements dated 9 February and 8 March 2021.

Proceeds of the Placement will enable LGP to execute the Company’s next phase of growth by accelerating sales and marketing efforts in Australia and offshore markets; expanding cultivation and manufacturing capacity; and providing general working capital.



DEMECAN shipments and substantial follow-on purchase orders

In February, the Company exported its first commercial shipment of 500 units of 15g cannabis flower medicines to DEMECAN in Germany (see ASX announcement dated 5 February 2021) and in March received its Q4 FY21 purchase order for a further 9,000 units (see ASX announcement dated 15 March 2021). Subsequent to this, LGP received its Q1 FY22 purchase order for 17,000 units.

Facilities site purchase

In March 2021, the Company announced its entry into a binding term sheet for the purchase of the freehold titles underlying its cultivation and manufacturing facilities, as well as two adjacent freehold properties, together representing a combined total area of approximately 16,000 sqm (refer ASX announcement dated 15 March 2021).

To date, the Company has spent over \$7 million constructing its cultivation and manufacturing facilities and making capital improvements to the properties. Under the terms sheet, the purchase price for the properties is determined by independent valuations based on the unimproved property value, with the current price estimated at approximately \$6 million. Payment will be split between cash (70%) and scrip (30%) at a \$0.663 share price, subject to shareholder approval.

Balancial Distribution Agreement

On 20 April 2021, the Company announced its entry into a distribution agreement with Denmark-based Balancial Danmark ApS for the sale and distribution of LGP branded cannabis oil and flower medicines in Denmark. The agreement represents another milestone in LGP's global sales strategy of growing its market share in key European medicinal cannabis markets, with Denmark joining the UK, Germany and France as jurisdictions into which the Company currently ships products or has binding agreements with distributors. For further information on the Balancial agreement see ASX announcement dated 20 April 2021.

First French trial shipment

In March 2021, LGP delivered a shipment of 4,800 units of high CBD medicinal cannabis oils into the French national medicinal cannabis trial. The Company is supplying medicinal cannabis oil medicines into the trial free of charge alongside three other global medicinal cannabis manufacturers, Tilray, Panaxia and Aurora. For further information about LGP's engagement in the French trial see ASX announcement dated 11 March 2021.

QUEST

On 18 February 2021, the University of Sydney launched the medicinal cannabis **Q**uality & **E**valuation **S**Tudy, or **QUEST**. **QUEST** is an observational study into the quality of life and health outcomes for patients with chronic conditions treated with medicinal cannabis. The study, conducted by researchers at the University of Sydney, is for a two-year period and has the potential to be extended internationally. Under the terms of the study, the Company supports prescriber recruitment and is exclusively responsible for supplying medicines to **QUEST** patients for \$150 plus delivery per 50ml bottle. **QUEST** has over 65 doctors across Australia who have prescribed products to more than 300 study participants during the Quarter. For further information on the **QUEST** study see ASX announcement dated 18 February 2021.

Chronic refractory pain clinical investigation

During the period, the Company completed a clinical investigation involving over 150 patients prescribed LGP Classic 10:10 for the treatment of chronic refractory pain. This longitudinal observational phase-2 clinical investigation investigated efficacy, adverse event profile and quality of life outcome measures in connection with LGP's Classic 10:10 medicine.

The results of the investigation are currently undergoing peer review to clinically validate the investigation conclusions that LGP's Classic 10:10 medicine is safe and effective for the treatment of chronic refractory pain. Results of this investigation have been submitted for publication in the peer-reviewed scientific journal **PAIN Reports**.



Product development update

During the Quarter the Company progressed its ARISE project through the first phase of its 3 phase, 12-month development program. ARISE (Atomic Rapid Injection for Solvent Extraction) is a patented supercritical fluid anti-solvent extraction technology which generates micron and sub-micron size particles of active pharmaceutical agents intended to facilitate improved targeting for release within the body as well as improved bioavailability. As the global medicinal cannabis licence holder for ARISE, LGP is pursuing development of medicinal cannabis products utilizing the ARISE technology to optimize delivery of cannabinoid medicine via targeted routes of administration/release. It is expected that the ARISE technology will form the basis of LGP's prescription medication registration pipeline.

Progress was also made on the liposomal delivery technology, with formulation optimization on track to be completed by July 2021.

Release of first dried cannabis flower medicine

In March 2021, LGP launched its first dried cannabis flower medicine, LGP Flower THC 22 – Desert Flame. Desert Flame is a Schedule 8 medicine with a high THC to CBD ratio product (THC 22%, CBD <1.0%). Currently the dried cannabis flower medicine market is one of the fastest growing segments in Australia and appears to be one of the preferred dosage forms for patients requiring rapid treatment onset.

Quarterly financial highlights

During the Quarter, the Company generated revenue of \$2.46 million (unaudited) with cash receipts of \$1.51 million. Cash receipts lagged revenue in 3Q FY21 driven by strong sales in the back half of the Quarter.

In 3Q FY21 the Company invested significantly into growth and positioning the Company to meet substantial follow-on orders for sales into the EU with a net operating cash outflow for the Quarter of \$1.8 million.

The key cash flows during the Quarter included:

- ✔ increased production and staff costs associated with the ramp up of production to full capacity;
- ✔ increased staffing and administration costs associated with expanding the marketing, MSL and business development teams in Australia and EU; and
- ✔ increased R&D spend on drug development as well as the provision of product to the French trial.

Related party transactions during the Quarter comprised \$0.26 million in remuneration and allowances paid to Directors of the Company.

The Company expects to maintain a strong cash position through to the June 2021 Quarter driven by:

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

Together with the Placement and SPP, the Company finished the Quarter with an increased cash position of \$28.5 million.

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 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 March 2021



Reconciliation of the Use of Funds
 Statement from the Prospectus

	Prospectus Use of Funds	Total Funds used to 31 March 2021 [^]	Fund used in the March 2021 Quarter [^]
	\$A'000	\$A'000	\$A'000
Sales and Marketing	1,650	2,192	421
Research and Development	1,500	1,238*	441
Systems implementation	1,500	584	72
Manufacturing site expansion	1,500	1,543	-
Education activities	1,000	625	129
Regulatory compliance	500	978	244
International office costs	500	357	51
Inventory build up	850	844	-
Costs of the Offer	1,000	1,223	-
Total Use of Funds	10,000	9,584	1,358

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

[^] Note that funds received from revenue 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 the variance in relation to the regulatory compliance relating to costs associated with insurance, 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 March 2021

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	1,511	4,814
1.2 Payments for		
(a) research and development	(360)	(706)
(b) product manufacturing and operating costs	(1,099)	(3,033)
(c) advertising and marketing	(148)	(474)
(d) leased assets	(6)	(15)
(e) staff costs	(1,194)	(2,517)
(f) administration and corporate costs	(472)	(1,135)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	17
1.5 Interest and other costs of finance paid	(16)	(42)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,934
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,776)	(1,157)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(649)	(1,647)
(d) investments	-	-
(e) intellectual property	(22)	(156)
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	(600)	(600)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(1,271)	(2,403)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	27,100	27,100
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	1,189	2,055
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(1,143)	(1,143)
3.5 Proceeds from borrowings	-	1,016
3.6 Repayment of borrowings	-	(1,016)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(74)	(207)
3.10 Net cash from / (used in) financing activities	27,072	27,805

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,492	4,274
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,776)	(1,157)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,271)	(2,403)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	27,072	27,805
4.5	Effect of movement in exchange rates on cash held	(6)	(8)
4.6	Cash and cash equivalents at end of period	28,511	28,511

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	10,511	2,492
5.2	Call deposits	18,000	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)	28,511	4,492

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
263
-

Payments to related parties solely represents remuneration and allowances paid to Directors of the Company.

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

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	31
7.3 Other (please specify)	-	-
7.4 Total financing facilities	60	31

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 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)	(1,776)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	28,511
8.3 Unused finance facilities available at quarter end (Item 7.5)	29
8.4 Total available funding (Item 8.2 + Item 8.3)	28,540
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	16

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: 28 April 2021

Sign here: 
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Alistair Warren
(Company Secretary)

Authorised by: The Board