



ASX Announcement
2 April 2020

COVID-19 BUSINESS UPDATE

Little Green Pharma Ltd (ASX: LGP, “LGP” or the “Company”) continues to closely monitor progress of the COVID-19 pandemic and wishes to provide the following update on its key response activities.

Key actions

The Company has taken actions to protect the health and welfare of staff, maintain cultivation and manufacturing operations, review its cost base, manage cost exposure and counterparty risk, apply for cost relief and Government assistance where available, and secure supply chains of critical materials and consumables.

The Company’s office-based staff have successfully moved to a remote working model, while the cultivation and manufacturing teams continue to operate at their respective facilities in accordance with COVID-19 management procedures.

Provision of essential service

As a producer and supplier of medical-grade medicinal cannabis products, the Company and its contract manufacturer provide an essential service to the community. As such, LGP anticipates being able to operate without material legislative restriction and maintain continuity of supply to patients.

First planting

The Company received its new Office of Drug Control (“**ODC**”) Cultivation and Production Licence and commissioned the expanded cultivation facility in Q1 CY2020. First planting will occur following the granting of the expanded Medicinal Cannabis permit by the ODC, which is still expected to occur in Q2 CY2020, subject to any potential delays due to COVID-19.

The Company received its new ODC Manufacturing Licence and commenced construction of its onsite manufacturing facility in Q1 CY2020. Construction continues to progress as planned.

Accelerated production and sourcing of starting materials and consumables

The Company has actively taken steps to accelerate production to ensure adequate inventory is on hand and to source additional consumables and bulk starting materials for the production of finished cannabis medicines. These actions are intended to de-risk supply lines that may be affected by COVID-19.

The Company is experiencing increased shipping costs outside of Australia and has noticed increased challenges in procuring timely logistics services. This is unlikely to have a material impact on LGP as logistics services are classified as an essential service and are expected to continue to a large degree without interruption, and the price risk relating to transport is predominately borne by LGP’s overseas wholesalers who take delivery at LGP’s warehouse in Perth.

Sales

The Company sold 1,580 bottles in the month of March, LGP’s highest monthly sales to date and a 21% increase on the number of bottles sold in February which was also a record sales month.

LGP has confirmed with its overseas partners that it is business as usual and the Company continues to expect to fulfill its international sales orders once the expanded cultivation facility is in production.



The Company is also likely to benefit from foreign exchange gains associated with a weaker Australian dollar given its international sales agreements are denominated in Euros or Pounds Sterling.

Financial position

The Company does not anticipate having to raise additional funds in the foreseeable future as no further capex is required on the cultivation facility and significant pre-ordering of consumables associated with manufacturing was largely completed during the first quarter of CY2020.

To ensure LGP remains in a strong financial position given the current economic environment, LGP has been implementing measures to minimise its cost base, including a reduction in discretionary spend, deferral of non-essential research and development, and renegotiation of existing contracts.

In addition, to the extent permitted by the ASX Listing Rules the Board and key executives have agreed to take 20% of their salaries in shares (escrowed for 12 months).

Further updates

The Company will continue to monitor developments and will provide further shareholder updates as appropriate.

ENDS

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "Craig Basson".

Craig Basson
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 in Western Australia and an exclusive partnership with a TGA-GMP-licensed pharmaceutical manufacturer for the production of its own-branded range of medicinal cannabis products.

Little Green Pharma products comply with all required Therapeutic Goods Administration (TGA) 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

