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SEPTEMBER 2020

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

LGP GRANTED TGA GMP LICENCE

LGP ACHIEVES CONTINUED SIGNIFICANT GROWTH IN SALES AND FIRST HARVEST AT EXPANDED FACILITY

COMPANY CONTINUES TO DELIVER ON STRATEGIC PLAN

Highlights

- LGP granted Therapeutic Goods Administration (TGA) Good Manufacturing Practices (GMP) licence for its recently commissioned manufacturing facility
- LGP achieves record sales revenue of $1.29 million (unaudited), with over 8,500 units sold, a 41% increase on the previous quarter
- The number of new Australian patients prescribed LGP medicines increases 58% from the previous quarter, while the number of new Australian healthcare practitioners increases by 29% over same period
- TGA issues interim decision to down-schedule certain cannabidiol (CBD) medicines from Schedule 4, to Schedule 3 (Pharmacist Only Medicine)
- Company finishes quarter with strong balance sheet and $4.1 million cash

Little Green Pharma Ltd (**ASX: LGP**, "**LGP**" or the "**Company**") is pleased to provide its quarterly activities report and Appendix 4C for the quarter ending 30 September 2020.







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Company granted TGA GMP licence

In October 2020, the Company was granted a TGA GMP licence over its manufacturing facilities, becoming one of the few ASX-listed medicinal cannabis companies to be fully-TGA and Office of Drug Control ("**ODC**") licenced and permitted for medicinal cannabis flower and oil medicines.

In addition to finished medicinal cannabis oil products, the TGA GMP licence enables LGP to manufacture GMP-grade medicinal cannabis flower products for more lucrative European markets.

The grant represents the culmination of a 2-year regulatory strategy, with the award of LGP's GMP licence as well as its State Wholesaling Licence earlier in the quarter bringing the total number of LGP State and Federal operating authorisations to over 20. These authorisations allow the Company to operate a fully in-house and vertically integrated cannabis cultivation, production, manufacturing and wholesaling supply chain, capable of supplying various LGP-branded medicinal cannabis products into Australian and international markets.

The award of this GMP licence represents the fulfilment of another key milestone in the LGP growth strategy. Further information on the GMP licence can be found in LGP's ASX announcement dated 14 October 2020.



Continued strong growth in sales, prescriptions, and prescribers

During the quarter, the Company achieved a 41% increase on unit sales from the previous quarter, selling over 8,500 units of medicinal cannabis oil and generating record revenue of $1.29 million (unaudited).

Over 2,200 new Australian patients were prescribed the Company's products during the quarter (an increase of 58% from the previous quarter) and over 90 new healthcare practitioners began prescribing LGP products (an increase of 29% on previous quarter), bringing the total lifetime number of patients prescribed LGP products to over 6,700, and the total number of Australian prescribers to over 400.

As previously reported, in June 2020 the Company exported 1000+ units of products to LYPHE Group Limited, who own several cannabis clinics in the United Kingdom. In July 2020, the first LGP medicinal cannabis oils were dispensed in the UK, with the Company achieving sales of 190 units for the quarter. This represents a key milestone for LGP, and the Company will look to accelerate growth in this key region throughout FY21.

Successful first harvest and resin extraction in expanded facility

LGP successfully harvested its first crop from its expanded facility and produced its first cannabis resin extract from its new manufacturing facility in September 2020. The full integration of its cultivation and extraction processes have allowed LGP to further optimise its cultivation and manufacture systems and methodologies in the new facilities.

The Company's expanded cultivation facility has a total of nine flowering rooms capable of cultivating in excess of 1,750 kg of cannabis flower, with the potential to produce 175,000 x 10g units of medicinal cannabis flower, 110,000 x 50ml units of cannabis oil, or a combination of both. The Company will ramp up production of cannabis flower, extracts and medicinal cannabis oil from the expanded facility in line with market demand.

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Quarterly financial highlights

During the quarter, the Company generated revenue of $1.29 million (unaudited) with cash receipts of $1.4 million, finishing the quarter with a strong cash position of $4.1 million.

The Company's net operating cash outflows for the quarter were $234,000, an improvement from the prior quarter of $753,000 due to the growth in sales revenue and the timing of cash receipts and payments. The result was particularly pleasing given the sourcing of raw materials and supplies for the Company's manufacturing activities required replenishment in this quarter, having utilised the key raw materials purchased in Q3 FY20 as a result of the initial onset of COVID-19.

The key cash flows in the quarter were for:

- 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 distribution channels in Europe, including Germany, Poland and Denmark; and the education of healthcare professionals in Australia
- staff, administration and corporate costs
- receipt of government grants in the form of JobKeeper and the Value-Add Agribusiness grants from the WA State Government
- conversion of options in the ordinary shares of the Company resulting in the receipt of cash proceeds of $79,200
- receipt of debtor financing of $1.0 million in relation to the Company's $1.4 million Research & Development rebate from the Australian Tax Office, which was received in mid-October 2020
- $808,000 incurred achieving practical completion and commissioning of the manufacturing facility as well as the purchase of equipment to increase production capacity



Related party transactions during the quarter comprised $161,000 in remuneration and allowances paid to directors of the Company.

The Company expects to maintain a strong cash position through to the December 2020 Quarter driven by:

- continued increases in domestic sales
- delivery of the CC Pharma order referred to below
- ongoing savings from cash preservation measures described below
- reduction in capital spend, given facilities have now been commissioned
- potential exercise of options with a strike price of $0.30 expiring 31 December 2020 and 31 January 2021

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.

Ethics approval received for large scale study

The Company has now received ethics approval in relation to its proposed large-scale medicinal cannabis study.

Export shipments update

LGP has received all German import permits required to supply the CC Pharma shipment order for 2,400 units and is currently undertaking batch testing, after which the Company will export the shipment to Germany. Further information in relation to the CC Pharma order can be found in the Company's June Quarterly Activities Report.

In September 2020, a pathfinder shipment of Little Green Pharma medicinal cannabis oils was exported to South Africa, establishing a potential pathway into the country.

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Proposed CBD down-scheduling

The TGA recently announced its interim decision to down-schedule certain medicinal cannabidiol products from Schedule 4, to Schedule 3 (Pharmacist Only Medicine). The decision to down-schedule certain medicinal CBD products would allow these products to be dispensed as behind-the-counter medicines by pharmacists without the need for a prescription. LGP welcomes this step by the TGA as further encouraging the development of the medicinal cannabis industry in Australia, as well as significantly lowering the barriers to access to CBD products for Australian patients.

Despite the down-scheduling, eligible CBD products will still be required to be registered on the Australian Register of Therapeutic Goods ("**ARTG**"). The Company continues to review its product strategy to determine whether the Company will pursue registration of an eligible CBD product, including a 30ml formulation of its LGP CBD50 medicinal cannabis oil which is already available through the SAS B approval pathway.

Ongoing responses to COVID-19 and additional cash preservation strategies

In addition to the initial and ongoing responses to the COVID-19 pandemic as well as associated cash-preservation strategies announced in its March Quarterly Activities Report, the Company has initiated additional cash preservation measures to ensure the Company is well-placed to manage the ongoing COVID-19 environment, including:

- negotiating agreements to issue shares in lieu of certain services fees to various suppliers and consultants
- extending equity-based settlement for up to 20% of salaries for key management personnel and all employees until end February 2021, as well as reducing hours and increasing equity components above 20% for certain management staff
- increasing equity-based settlement to 100% of non-executive director fees until end February 2021

Further information in relation to these proposed issue of shares in lieu can be found in the Company's ASX announcement dated 28 August 2020.

Medical portal launched and growth in online presence

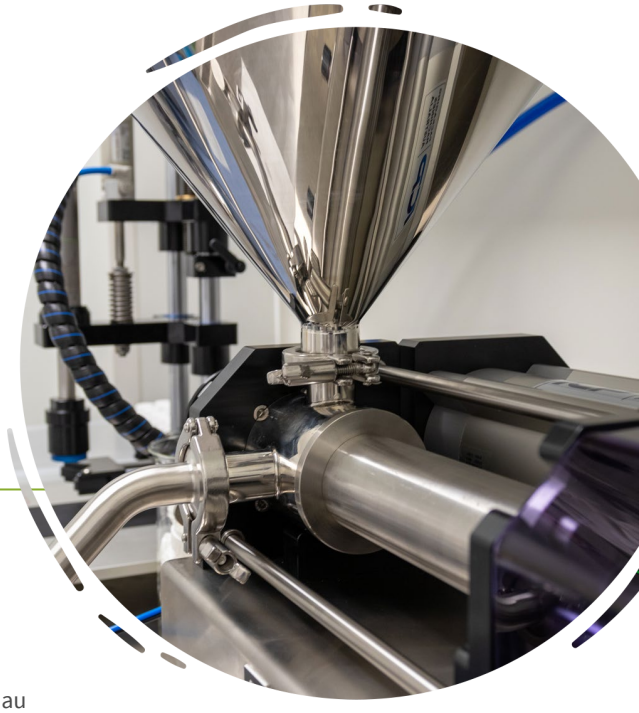
Since 2018, the Company has been providing educational resources, advice, and support to healthcare practitioners on accessing and treating patients with medicinal cannabis, including how to navigate unregistered product access pathways such as the TGA's Special Access Scheme.

Most recently, LGP launched a digital portal for healthcare professionals located on the Company's webpage https://www.littlegreenpharma.com/medical-portal/register. This portal allows healthcare practitioners to access key information around prescribing medicinal cannabis, as well as additional resources to improve clinical knowledge, including how-to videos, recorded doctor speaker events, patient case studies, clinical justification and treatment plan templates and an RACGP accredited online training course.



Since the onset of the COVID-19 pandemic, LGP has also enhanced its online education presence by facilitating training webinars to healthcare professionals led by key opinion leaders, where practitioners present case studies from their own practices and guide their peers on prescribing medicinal cannabis. LGP has found these webinars to be highly effective in educating the medical industry and will continue to pursue the strategy in the coming months.

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ENDS

BY ORDER OF THE BOARD

Alistair Warren
Company Secretary

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About Little Green Pharma

Little Green Pharma is an ASX-listed 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

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Little Green Pharma Ltd

Appendix One to the Quarterly Activities Report

30 September 2020

Reconciliation of the Use of Funds Statement from the Prospectus

	Prospectus Use of Funds	Total Funds used to 30 September 2020	Fund used in the September 2020 Quarter
	$A'000	**$A'000**	**$A'000**
Sales and Marketing	1,650	1,470	328
Research and Development	1,500	498	141
Systems implementation	1,500	425	149
Manufacturing site expansion	1,500	1,464	310
Education activities	1,000	378	108
Regulatory compliance	500	579	206
International office costs	500	249	73
Inventory build up	850	844	-
Costs of the Offer	1,000	1,223	-
Total Use of Funds	**10,000**	**7,130**	**1,315**

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 costs being associated with higher than expected insurance charges.

Appendix 4C

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

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Name of entity	
Little Green Pharma Ltd	
ABN	**Quarter ended ("current quarter")**
44 615 586 215	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,441	1,441
1.2	Payments for		
	(a) research and development	(134)	(134)
	(b) product manufacturing and operating costs	(950)	(950)
	(c) advertising and marketing	(103)	(103)
	(d) leased assets	(3)	(3)
	(e) staff costs	(521)	(521)
	(f) administration and corporate costs	(318)	(318)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	(11)	(11)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	360	360
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(234)**	**(234)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(808)	(808)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(121)	(121)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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**	**(929)**	**(929)**

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	79	79
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	1,016	1,016
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)	(43)	(43)
3.10	**Net cash from / (used in) financing activities**	**1,052**	**1,052**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,274	4,274
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(234)	(234)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(929)	(929)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,052	1,052
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,163**	**4,163**

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	2,163	1,274
5.2	Call deposits	2,000	3,000
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)**	**4,163**	**4,274**

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	161
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.

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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	1,016	1,016
7.2	Credit standby arrangements	60	18
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**1,076**	**1,034**

7.5	**Unused financing facilities available at quarter end**	**42**

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.

Loan facilities relate to the Company's short term secured loan agreement with Structured Finance Co. LLC for an amount of $1,016,000 secured against the R&D Grant receivable of $1,490,000 from the Australian Taxation Office (ATO). The loan bears an annualised interest rate of 15% and was repaid on receipt of funds from the ATO on 15 October 2020.

The credit standby arrangements relates 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)	(234)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,163
8.3	Unused finance facilities available at quarter end (Item 7.5)	42
8.4	Total available funding (Item 8.2 + Item 8.3)	4,205
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**18**

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

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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: 26 October 2020

Sign here: 

Alistair Warren

(Company Secretary)

Authorised by: The Board

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