

# MARCH 2020 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C











## RECORD QUARTER FOR SALES

## GROWTH IN PATIENTS & PRESCRIBERS

## DELIVERS AUSTRALIA'S INAUGURAL MEDICINAL CANNABIS EXPORT

Little Green Pharma Ltd (ASX: LGP, "LGP" or the "Company") is pleased to provide its quarterly activities report and Appendix 4C for the period ended 31 March 2020.

### Highlights

-  Record quarterly sales of 4,029 bottles, a 40% increase on the previous quarter and delivering \$630,000 in cash receipts
-  Record new patient prescriptions, with 1,119 new patients during the quarter (a total of 3,175 patients have now been prescribed LGP's products) and 77 new prescribers
-  Completed the inaugural Australian export of domestically-produced medicinal cannabis (subsequent to quarter end)
-  Two new sales agreements executed in Germany and the United Kingdom
-  Expanded cultivation facility licenced, commissioned and awaiting ODC permit for first planting
-  ODC Manufacturing Licence received and onsite manufacturing facility under construction
-  Launch of new *LGP Classic CBD 50* product
-  Proactive COVID-19 response by undertaking a range of cash-preservation measures, including all employees including non executive directors taking 20% of their remuneration in the form of equity subject to shareholder approval
-  Strong balance sheet with \$6.0 million cash
-  Completed highly successful IPO raising \$10.0 million listing on ASX





## LGP Managing Director Fleeta Solomon said:

*"The March 2020 Quarter has been a defining period for Little Green Pharma and I am thrilled with all that we have accomplished so far this year. We delivered a record-breaking quarter across sales, new patients and prescribers, and signed two key sales agreements in Germany and the UK. We also released our fourth product (LGP Classic CBD 50), completed our cultivation facility expansion, and significantly progressed the construction of our manufacturing facility.*

*In a significant milestone, not only for Little Green Pharma but for Australia's medicinal cannabis industry, the Company became the first ever to export Australian medicinal cannabis products overseas for patients.*

*While Little Green Pharma has taken actions in response to COVID-19 to protect the health and welfare of staff and maintain operations, we remain in a strong financial position to ride out these uncertain times.*

*Our prudent decision to convert 20% of non executive, executives and staff base pay to equity will ensure Little Green Pharma remains well positioned to pursue opportunities post COVID-19.*

*I look forward to updating our shareholders on these opportunities as we deliver on our growth strategy."*

### LGP achieves record quarterly sales, new patient prescriptions, and prescribers

During the quarter ending 31 March 2020, the Company sold a record 4,029 bottles, a 40% increase on the December 2019 quarter. Sales of medicinal cannabis remain strong, with record sales of 1,580 bottles being achieved in March 2020, a monthly increase of 21% on sales made in February 2020 (which set the previous record for monthly sales).

LGP also achieved a record number of new patients, with 1,119 new patients being prescribed the Company's medicinal cannabis products during the quarter bringing the total to 3,175 patients. Further, an additional 77 new healthcare professionals prescribed LGP's products during the quarter, bringing the total number of prescribers to 244.

### Inaugural Australian export of domestically produced medicinal cannabis

Subsequent to the end of the March 2020 quarter, the Company successfully completed the first Australian export of domestically-produced medicinal cannabis products. This pathfinder shipment was made to the United Kingdom to supply a child suffering from epilepsy, and paves the way for bulk shipments which are expected to commence in Q2 CY2020.

#### **Australia's Minister for Health, the Honourable Greg Hunt commented:**

*"This first export of Australian-produced medicinal cannabis oils to the UK marks an important step in fulfilling our vision of building a local medicinal cannabis industry capable of supplying quality medicinal cannabis products on a global scale."*

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### Two new sales agreements executed

#### **DEMECAN (Germany)**

The Company entered into a three-year sales agreement with Berlin-based DEMECAN for the annual sale and export of a combination of up to 1,000kg of dried flower or 48,000 units of medicinal cannabis oil product.

DEMECAN is the only German company that covers the entire medicinal cannabis production chain from cultivation to processing and manufacturing, through to distribution to pharmacies.

LGP anticipates being one of the first few companies to export full spectrum medicinal cannabis oil products into Germany.

#### **Astral Health (United Kingdom)**

The Company entered into a five-year sales agreement with United Kingdom based Astral Health to supply the Company's full suite of medicinal cannabis products.

Astral Health is a subsidiary of LYPHE Group, who holds one of the few licences that have been awarded to operate medicinal cannabis clinics in the United Kingdom.

Subsequent to the quarter end, the Company delivered a pathfinder shipment to Astral Health, which was the inaugural Australian export of domestically produced medicinal cannabis.



## Commissioning of expanded cultivation facility

The Company received its expanded Office of Drug Control (“ODC”) Cultivation and Production Licence and commissioned the expanded cultivation facility during the quarter.

First planting within the expanded facility will occur following the grant of an expanded ODC Medicinal Cannabis Permit, which is expected to occur in Q2 CY2020 (subject to any potential delays as result of COVID-19).

## ODC Manufacturing Licence received and facility under construction

During the quarter, the Company commenced construction of its onsite manufacturing facility and received its ODC Manufacturing Licence. Construction continues to progress on time and on budget.

## Launch of new LGP Classic CBD 50 product

The Company further expanded its product range with the release of a new medicinal cannabis oil product; *LGP Classic CBD 50*.

The new CBD product gives patients and healthcare professionals a higher-concentration CBD product to complement the Company’s current portfolio of CBD (cannabidiol) dominant, THC (tetrahydrocannabinol) dominant, and balanced THC/CBD ratio products.

As a Schedule 4 medicine, *LGP Classic CBD 50* requires only TGA approval, simplifying the prescription pathway for healthcare professionals. *LGP Classic CBD 50*, along with LGP’s other medicinal cannabis products, has been registered on the ARTG for export.



## Response to COVID-19

The Company has taken measures to protect the health and welfare of its staff, maintain cultivation and manufacturing operations, review its cost base, manage cost exposure and counterparty risk, secure supply chains of critical materials and consumables and defer non-essential research and development.

In addition, to the extent permitted by the ASX Listing Rules, applicable employment laws and subject to shareholder approval, all employees including non executive directors have agreed to take equity escrowed until 31 March 2021 in lieu of 20% of their base remuneration starting 1 April 2020 for senior management and directors and 1 May 2020 for all other employees.

These measures are to ensure LGP remains well positioned to pursue opportunities post COVID-19.

## March 2020 Quarterly Financial Highlights

The Company generated cash receipts of \$630,000 from sales of 4,029 bottles during the quarter. The Company ended the quarter with a strong balance sheet and a cash balance of \$6.0 million.

Net operating cash outflows of \$2.2 million for the quarter were comprised of:

- 🌿 R&D activities focussed on leading the market through new delivery systems as well as developing products to meet market demand;
- 🌿 Ramp up of product manufacturing activities and other operating costs;
- 🌿 Sales and marketing focussed on opening sales channels in Europe, including in Germany, the United Kingdom and France, and education of healthcare professionals in Australia; and
- 🌿 Staff administration and corporate costs.

Net operating cash outflows includes approximately \$850,000 of one-off costs (including historical European consulting costs, European office relocation costs, and acceleration of raw material purchases in response to COVID-19).

The Company expects its net operating cash outflows to significantly reduce in the June 2020 quarter as a result of the one-off costs incurred in the March 2020 quarter as well as the initiatives in response to COVID-19 including the conversion of 20% of employee salaries into equity payments.

Investment of \$2.7 million into plant and equipment was comprised of:


- 🌿 Completion and commissioning of the cultivation facility expansion; and
- 🌿 Commencement of construction of the manufacturing facility.

During the quarter, the Company completed its IPO to raise gross proceeds of \$10.0 million. In accordance with ASX Guidance Note 23, Appendix One to this report sets out the use of funds since admission to the ASX.

**LGP's Australian presence with a scalable operating model that has control of cultivation, manufacturing and the sales value chain, positions the Company well in the current market environment to increase production to meet growing domestic and international market demand.**

**ENDS**

#### BY ORDER OF THE BOARD

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

**Craig Basson**  
Company Secretary

#### For further information please contact:

**Craig Basson,**  
Company Secretary  
Little Green Pharma  
E: [craig@lgpharma.com](mailto:craig@lgpharma.com)  
M: +61 414 912 540

**Celia Young,**  
Marketing Manager  
Little Green Pharma  
E: [celia@lgpharma.com.au](mailto:celia@lgpharma.com.au)  
M: +61 421 730 885

#### 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 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 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](http://www.littlegreenpharma.com)**



Little Green Pharma Ltd  
**Appendix One**  
 to the Quarterly  
**Activities Report**  
**31 March 2020**

Reconciliation of the Use of Funds  
 Statement from the Prospectus

	Prospectus Use of Funds \$A'000	Funds used to 31 March 2020 \$A'000
Sales and Marketing	1,650	668
Research and Development	1,500	231
Systems implementation	1,500	144
Manufacturing site expansion	1,500	660
Education activities	1,000	167
Regulatory compliance	500	243
International office costs	500	97
Inventory build up	850	327
Costs of the Offer	1,000	1,223
<b>Total Use of Funds</b>	<b>10,000</b>	<b>3,760</b>

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.

## Appendix 4C

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

**Name of entity**

Little Green Pharma Ltd
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**ABN**

44 615 586 215
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**Quarter ended ("current quarter")**

31 March 2020
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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	630	1,125
1.2 Payments for		
(a) research and development	(121)	(424)
(b) product manufacturing and operating costs	(521)	(1,035)
(c) advertising and marketing	(295)	(662)
(d) leased assets	(3)	(27)
(e) staff costs	(1,154)	(2,950)
(f) administration and corporate costs	(746)	(2,355)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	31
1.5 Interest and other costs of finance paid	(30)	(60)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	600
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,235)</b>	<b>(5,757)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2,673)	(5,613)
(d) investments	-	-
(e) intellectual property	-	(8)
(f) other non-current assets	(60)	(220)

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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,733)</b>	<b>(5,841)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	10,000	10,000
3.2	Proceeds from issue of convertible debt securities	-	9,000
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,223)	(1,748)
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)	(69)	(187)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>8,708</b>	<b>17,065</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,237	510
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,235)	(5,757)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,733)	(5,841)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,708	17,065
4.5	Effect of movement in exchange rates on cash held	10	10
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,987</b>	<b>5,987</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,987	2,237
5.2	Call deposits	4,000	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,987</b>	<b>2,237</b>

**6. Payments to related parties of the entity and their associates**

- |     |   | <b>Current quarter<br/>\$A'000</b> |
|-----|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 367                                |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | -                                  |

Payments to related parties solely represents remuneration paid to Directors of the Company, including \$200,000 in one off payments as part of the IPO.



**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.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	60	24
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	60	24

7.5 **Unused financing facilities available at quarter end** 36

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.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,235)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,987
8.3 Unused finance facilities available at quarter end (Item 7.5)	36
8.4 Total available funding (Item 8.2 + Item 8.3)	6,023
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	2.70

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: 30 April 2020



Sign here: .....

Craig Basson  
(Company Secretary)

Authorised by: The Board