

SEPTEMBER 2021

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

**CONSOLIDATION QUARTER IN LINE WITH GROWTH STRATEGY
STRONG QUARTERLY REVENUE, PATIENT AND PRESCRIBER RESULTS
LAUNCH OF PSYCHEDELICS BUSINESS**

Highlights

-  Strong revenue growth with \$3.18 million revenue (unaudited) for the Quarter and a record sales month of \$1.39 million (unaudited) in September 2021
-  Significant Australian growth with over 4,580 new patients, a 39% increase compared to prior quarter, and 110 new prescribers, a 46% increase on prior quarter
-  Group commences Danish asset optimisation and integration, acquires broad suite of additional genetics for Australian and EU markets, and ships first pathfinder shipment from Danish Facility to Australia
-  Commercial discussions progressing with multiple European distributors and offtakers for supply from Danish Facility
-  Obtains Schedule 9 licence to supply psilocybin and continues to progress psilocybin operations
-  Completes WA facility property acquisition for ~\$6 million; \$4 million cash and balance of consideration in scrip

Little Green Pharma Ltd (ASX: LGP, “LGP”, “Group” or the “Company”) is pleased to provide its quarterly activities report and Appendix 4C for the period ending September 2021.





STRONG REVENUE RESULTS

During the Quarter the Company achieved \$3.18 million in revenue (unaudited), with \$1.39 million (unaudited) generated in September 2021, the Company's highest sales month to date.

Cash receipts were lower than expected at \$1.59 million as a result of debtors missing the month end cut-off, with a further \$900,000 collected in the first few days of the current quarter. All remaining inventory held by the Company's Australian distribution centres was also dispensed in July, meaning that going forward Australian revenue will match the timing of product dispensed to patients.

The Group also completed its ~\$6 million acquisition of the properties underlying its cultivation and manufacturing facilities in Western Australia, as well as the two adjoining properties. Consideration for the acquisition was a cash payment of \$4 million with the balance in scrip: see ASX announcement dated 15 March 2021 for the terms of the acquisition. Meanwhile, the Group's Australian and Danish operations continue to operate in line with cost expectations, with the Company finishing the Quarter with \$29.1 million cash in bank.

SIGNIFICANT AUSTRALIAN PATIENT AND PRESCRIBER GROWTH

The Company recorded significant increases in its Australian patient and prescriber numbers during the Quarter, with over 4,580 new patients (an increase of 39% on previous quarter) and over 110 new prescribers (an increase of 46% on previous quarter).



CONSOLIDATION AND INTEGRATION OF DENMARK FACILITY

During the Quarter the Group commenced integration of its Danish Facility with the executive directors travelling to Denmark to oversee the project and help align Group culture across operations. In addition to the emphasis on international sales, LGP is focused on the identification of areas for cost savings, optimisation as well as opportunities for operational improvements.

CONTINUED STRONG FOCUS ON EUROPEAN COMMERCIAL SALES

The Group continues to progress new sales pathways from its Danish Facility and is currently engaged in negotiations with a range of European distributors and wholesalers for products from the Facility.

The unexpected growth in the Australian cannabis flower medicines market has also resulted in LGP redirecting some of its Australian grown cannabis flower to Australia rather than Germany while the Company waits for its Australian genetics to be sent to Denmark for cultivation.

EXPANDED CULTIVAR BANK AND FIRST SHIPMENT TO AUSTRALIA

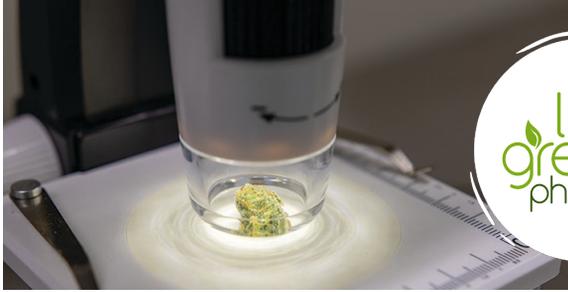
Responding to EU market demands, the Group procured a significantly expanded genetics bank for both its Australian and Danish operations. These new cultivars are intended to provide the Group with flexibility to respond and adapt to changing prescriber and patient demand across new and existing European, UK and Australian markets. The development of a new genetic strain generally takes 6-12 months before it is ready for patient use, though the Group expects to receive regulatory permission to export key LGP cultivars to its Danish operations from Australia shortly, which will help reduce the timeline in relation to those genetics.

LGP continues to engage the Danish Medicines Agency in relation to registering its first cannabis medicine in Denmark which, once approved, is likely to be the first locally produced cannabis medicine in the country.

In September, the Group's Danish Facility also delivered a pathfinder shipment of its Billy Buttons THC-16 cannabis flower medicines to Australia.

Cannabis flower medicines represent the fastest growing segment of the Australian medicinal cannabis market. LGP also experienced significant growth in its Australian cannabis flower sales during the Quarter.





RESEARCH AND DEVELOPMENT

During the Quarter, LGP partnered with internationally renowned metabolic disease researcher Professor Marco Falasca and Curtin University to research the efficacy of medicinal cannabis in the treatment of obesity and related disorders. This research will be conducted in three stages with the third stage to be completed by 1 February 2023. Globally, obesity has already reached epidemic proportions, with at least 2.8 million people dying annually as a result of being overweight or obese.¹

The QUEST Initiative (“Study”), which is investigating the quality of life and health economics on patients with chronic disease who are prescribed medicinal cannabis (see ASX announcement dated 18 February 2021), has also seen a strong uptake in participants. The Study has successfully recruited over 2,080 eligible patients.

With a focus on cost reduction during the integration of Danish operations, the Group has reduced other research and development expenditure relating to product development where it is not likely to generate revenue in the short to medium term.

¹ Coherent Market Insights, “Obesity Management Drugs Market Report 2020 - 2027”. Sep 2020; Available: <https://www.coherentmarketinsights.com/market-insight/anti-obesity-drugs-market-2824>

PSYCHEDELICS BUSINESS UPDATE

In September the WA State Health department revised the Company’s Schedule 9 licence to permit the supply of psilocybin: see ASX announcement dated 7 September 2021. The Company appointed Shaun Duffy as the Chief Executive Officer of its psychedelics business in April 2021 and continues to progress its psilocybin operations.

In addition to the appointment of Dr Stephen Bright as its foundation member of its Advisory Board, the psychedelics business has also appointed the Hon. Cheryl Edwardes AM as a non-executive director. The Hon. Cheryl Edwardes AM is a former Minister of the West Australian government and was the first woman appointed as Attorney General for Western Australia. She is a member of the Foreign Investment Review Board (FIRB), the Chair of Port Hedland International Airport, a former Commissioner of the West Australian Football Commission, and Chair of ASX listed VIMY Resources and Nuheara Limited.

In 2016 she was awarded an Order of Australia for significant services to the people and Parliament of Western Australia and to the law and to the environment, through executive roles with business, education and community organisations.



QUARTERLY FINANCIAL HIGHLIGHTS

During the Quarter, the Company generated revenue of \$3.18 million (unaudited) with cash receipts of \$1.59 million. Cash receipts lagged sales as debtors missed the cut-off for the month, with over \$900,000 being received in the first few days of the current Quarter.

The key cash flows during the Quarter included:

- ✔ increased production and staff costs associated with the Denmark Facility;
- ✔ increased staffing costs and administration costs associated with expanding the marketing, Medical Science Liaison and business development teams in Australia and the EU;
- ✔ reduction in R&D spend while the Company focused on integrating the Denmark Facility; and
- ✔ the purchase of the land underlying the Western Australian Facility (\$4.2 million).

Related party transactions during the Quarter comprised \$0.2 million in remuneration and allowances paid to the directors of the Company.

The Company expects to see an improvement in the operating cash flows in the coming quarter due to:

- ✔ continued increases in domestic sales;
- ✔ further sales into the EU;
- ✔ collection of outstanding receivables (including \$900,000 collected in the first few days of the current quarter); and
- ✔ receipt of an R&D rebate of approximately \$1.8 million in the current quarter.

The Company finished the Quarter with a cash position of \$29.1 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

A stylized, handwritten signature in dark purple ink, appearing to read "Alistair Warren".

Alistair Warren
Company Secretary

For further information please contact:

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About Little Green Pharma

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

The Company has two global production sites for the manufacture of its own-branded and white-label ranges of GMP-grade medicinal cannabis products, being a 21,500m² cultivation and 4,000m² GMP manufacturing facility capable of producing over 20 tonnes of medicinal cannabis biomass per annum located in Denmark (EU) and an indoor cultivation and manufacturing facility located in Western Australia capable of producing ~3 tonnes of medicinal cannabis biomass per annum.

Little Green Pharma products comply with all required Danish Medicines Agency and 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, European 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

30 September 2021



Reconciliation of the Use of Funds Statement from the Prospectus

| | Prospectus Use of Funds | Total Funds used to 30 September 2021 [^] | Fund used in the September 2021 Quarter [^] |
|------------------------------|----------------------------|--|--|
| | \$A'000 | \$A'000 | \$A'000 |
| Sales and Marketing | 1,650 | 3,442 | 676 |
| Research and Development | 1,500 | 3,167* | 791* |
| Systems implementation | 1,500 | 773 | 87 |
| Manufacturing site expansion | 1,500 | 1,543 | - |
| Education activities | 1,000 | 986 | 184 |
| Regulatory compliance | 500 | 1,849 | 532 |
| International office costs | 500 | 477 | 22 |
| Inventory build up | 850 | 844 | - |
| Costs of the Offer | 1,000 | 1,223 | - |
| Total Use of Funds | 10,000 | 14,304 | 2,292 |

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

[^] Note that funds received from income 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 a portion of the variance in relation to the regulatory compliance relating to costs associated with insurance, licencing and permitting. The other variances relate to the Prospectus Use of Funds being expected expenditure for the 12 months post IPO compared to the Total Funds Used to 30 September 2021 being for a period of 19 months.

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")

30 September 2021

| 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 | 1,587 | 1,587 |
| 1.2 Payments for | | |
| (a) research and development | (569) | (569) |
| (b) product manufacturing and operating costs | (2,836) | (2,836) |
| (c) advertising and marketing | (544) | (544) |
| (d) leased assets | (2) | (2) |
| (e) staff costs | (2,962) | (2,962) |
| (f) administration and corporate costs | (669) | (669) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 5 | 5 |
| 1.5 Interest and other costs of finance paid | (6) | (6) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 4 | 4 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (5,992) | (5,992) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | (16) | (16) |
| (b) businesses | - | - |
| (c) property, plant and equipment | (5,060) | (5,060) |
| (d) investments | - | - |
| (e) intellectual property | (11) | (11) |
| (f) other non-current assets | - | - |

| 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 | (5,087) | (5,087) |

| | | |
|---|-------------|-------------|
| 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 | - | - |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 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) | (61) | (61) |
| 3.10 Net cash from / (used in) financing activities | (61) | (61) |

| | | |
|---|---------|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 40,269 | 40,269 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (5,992) | (5,992) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (5,087) | (5,087) |

| 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) | (61) | (61) |
| 4.5 | Effect of movement in exchange rates on cash held | 47 | 47 |
| 4.6 | Cash and cash equivalents at end of period | 29,176 | 29,176 |

| 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 | 27,176 | 38,269 |
| 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) | 29,176 | 40,269 |

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 |
|------------------------------------|
| 206 |
| - |

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 | 34 |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 60 | 34 |

7.5 **Unused financing facilities available at quarter end** 26

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) | (5,992) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 29,176 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | 26 |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 29,202 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 4.9 |

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: 27 October 2021

Sign here: 
Alistair Warren
(Company Secretary)

Authorised by: The Board