

LITTLE GREEN PHARMA

ABN 44 615 586 215

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2020

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little
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pharma

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We are passionate about transforming lives. This drives our desire to grow and produce medicines that are safe, effective and affordable. It's the heart of everything we do and defines our culture. This is our purpose — to reimagine cannabis medicine and do extraordinary things for our patients.

We are proud of what we've done and where we're going.

We are Little Green Pharma



CORPORATE DIRECTORY

Directors

Mr Michael Lynch-Bell
Dr Neale Fong
Ms Fleta Solomon
Mr Angus Caithness

Company Secretary

Mr Alistair Warren

Registered Office

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Auditor

Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St George's Terrace
Perth, Western Australia 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
Perth, Western Australia 6000
Website: www.investorcentre.com/contact

Stock Exchange

Australian Securities Exchange Ltd
Central Park, 152-158 St George's Terrace
Perth, Western Australia 6000
ASX Code: LGP

RESULTS FOR ANNOUNCEMENT TO THE MARKET

24 FEBRUARY 2021

Name of company	Little Green Pharma Ltd
ABN	44 615 586 215
Reporting period	31 December 2020
Previous corresponding period	31 December 2019

Half Year Financial Report for the period ended 31 December 2020

This page and the following pages comprise the half year end information given to the ASX under Listing Rule 4.2A.

The results are prepared in accordance with Australian Accounting Standards and are presented in Australian dollars.

Revenue from ordinary activities	Up	\$3,055,191	427%	to	\$3,771,237
Profit from ordinary activities after tax	Up	\$5,989,352	N/A	to	\$484,329

Revenue from ordinary activities of \$3,771,237 consists primarily of revenue from the sale of medicinal cannabis oil products. In addition, the Company received research and development incentive grants of \$1.49 million. The net profit from ordinary activities increased from a net loss of \$5,505,023 in the prior period to a net profit after tax of \$484,329.

Dividends

No dividends are proposed, and no dividends were declared or paid during the current or prior year.

Net tangible asset backing	Reporting period	Previous period
Net tangible assets per ordinary security	\$0.103	\$(0.085)

Change in ownership of controlled entities

In July 2020, the Company established LGP Operations Pty Ltd, a wholly owned subsidiary in Australia.

Accounting standards used by foreign entities

All subsidiaries use International Financial Reporting Standards.

Independent Auditor's Review

The Half Year Financial Report contains an Independent Auditor's Review Report.

This report is not subject to any modification or emphasis of matter.

This statement was approved by the Board of Directors.



Alistair Warren
Company Secretary

DIRECTORS' REPORT

The directors present the Consolidated Financial Report for the half year ended 31 December 2020 and the auditor's review report thereon.

REVIEW OF OPERATIONS

Unit sales, revenue, and maiden half yearly profit



The Company continued to achieve strong growth during the 31 December 2020 half year, with significant growth in unit sales and revenue:

-  sales in Australia of 21,000+ units, up 340+% compared to the previous corresponding half (31 December 2019: 4,850+); and
-  revenue of \$3,771,237, up 420+% compared to the previous half (31 December 2019: \$716,046), which includes over \$600,000 from sales to Germany and UK customers.

The Company achieved its maiden half yearly profit, with a profit after tax of \$484,329.

Patient and prescriber growth

The Company achieved significant Australian patient and prescriber growth:

-  4,900+ new patients were prescribed LGP medicines, up 250+% compared to the previous corresponding half and bringing the total lifetime patients to ~9,500; and
-  150 new healthcare practitioners prescribed LGP medicines, bringing the total number of Australian prescribers to 450+.

First export shipments

The Company exported its first commercial shipment of medicinal cannabis oils to Germany, comprising 2,400 units of LGP-branded products to German pharmaceutical importer CC Pharma GmbH. The medicines were received, GMP-tested, and successfully batch-released into the German market.

The Company also successfully shipped a pathfinder shipment of 30 units of LGP cannabis oil medicines to New Zealand.

Facility re-rating and GMP licencing

The Therapeutic Goods Administration ("TGA") awarded the Company's South West WA manufacturing facility a Good Manufacturing Practice ("GMP") manufacturing licence. The award of this licence means the Company is fully TGA and ODC operationally licensed and permitted with local end-to-end cultivation, manufacturing, and wholesaling capacity. This capacity will enable the Company to more effectively manage costs and focus on higher-margin aspects of the supply chain.

Following successful harvests, the Company re-rated its expanded indoor Good Agriculture and Collection Practices ("GACP") – rated cultivation facility's annual capacity from 1,750 kg to ~3,000 kg of flower (or ~300,000 x 50mL bottles equivalent of cannabis oil per annum).

First harvest at expanded facility

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

HIF partnership

The Company partnered with Health Insurance Fund of Australia Limited ("HIF") to support improved access to and affordability of medicinal cannabis through the payment of rebates for cannabis medicines to eligible HIF members.

LGP and HIF have also sponsored a large-scale medicinal cannabis observational study with the University of Sydney, to which both parties will provide financial support.

EVENTS SUBSEQUENT TO THE BALANCE DATE

French government tender win

The Company has been awarded a role as a primary supplier of medicinal cannabis oils for a French national trial of medicinal cannabis in conjunction with its trial partner, French distributor Intsel Chimos. The trial will run for two years and is intended to test the safety and quality of medicinal cannabis medicines in the treatment of clinical conditions that are resistant to conventional treatments.

If successful, the trial is anticipated to catalyse the legalisation of medicinal cannabis in France. LGP's role as a primary supplier to the trial is expected to provide the Company with a significant first mover advantage in the event medicinal cannabis is legalised in France.

First commercial flower export

LGP delivered its first commercial shipment of cannabis flower medicines to DEMECAN in Germany. With the delivery of this shipment, the Company joins a small group of international cannabis producers able to supply cannabis flower medicines into Germany and is only the second producer to have cannabis flower medicine pass all microbiological testing without requiring irradiation.

The shipment was delivered pursuant to the medicinal cannabis purchase agreement between DEMECAN and LGP, under which LGP will sell and export to DEMECAN up to 1,000kg of LGP-cultivated dried cannabis flower plus a minimum 10,000 units of medicinal cannabis oil product, per annum.

New product release

The Company released its new LGP Classic 1:100 medicinal cannabis oil formulation to the Australian market. The formulation was developed in consultation with Australian LGP prescribers based on their patients' requirements.

Capital raising

The Company successfully completed a placement to raise \$22.1 million ("Placement"), on 15 February 2021 which saw 34 million new fully paid ordinary shares issued to new and existing institutional and high net worth investors.

The Company is presently offering a Share Purchase Plan ("SPP") to existing eligible LGP shareholders to raise up to \$5 million. The SPP offer period will close on 3 March 2021.

Proceeds of the Placement and SPP will enable the Company to execute the 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.

BOARD OF DIRECTORS

The Directors of Little Green Pharma Ltd at any time during or since the end of the half year are:

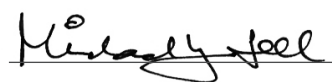
-  Mr Michael Lynch-Bell - Independent Non Executive Chair
-  Dr Neale Fong - Independent Non Executive Director
-  Ms Fleta Solomon - Managing Director
-  Mr Angus Caithness - Executive Director

DIVIDENDS

There were no dividends paid or declared during the period (prior period: nil).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 is set out on page 20 of this report.



Michael Lynch Bell

Independent Non Executive Chair

23 February 2021

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Financial Report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the Half Year ended 31 December 2020

	Note	31 December 2020	30 June 2020
Assets			
Current assets			
Cash and cash equivalents		4,448,696	4,273,564
Accounts receivable		1,140,219	629,657
Biological assets	3	150,413	13,857
Inventory	3	2,033,074	1,349,466
Prepaid expenses		269,691	34,553
Total current assets		8,042,093	6,301,097
Plant and equipment	4	7,889,356	7,488,069
Right of use assets	5	1,513,931	1,655,148
Refundable deposits		334,945	340,229
Intangible assets		728,343	620,375
Total non-current assets		10,466,575	10,103,821
Total assets		18,508,668	16,404,918
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,682,668	2,086,993
Lease liability		196,938	240,003
Employee benefit obligations		286,671	335,896
Total current liabilities		2,166,277	2,662,892
Lease liability		1,388,485	1,445,113
Total non-current liabilities		1,388,485	1,445,113
Total liabilities		3,554,762	4,108,005
Net assets		14,953,906	12,296,913
Shareholders' equity			
Share capital	6	31,615,802	29,944,260
Reserves		1,662,303	1,161,181
Accumulated deficit		(18,324,199)	(18,808,528)
Total shareholders' equity		14,953,906	12,296,913

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Half Year Ended 31 December 2020	Half Year Ended 31 December 2019
Revenue			
Medicinal cannabis sales		3,771,237	716,046
Cost of sales			
Cost of goods sold		(1,669,249)	(313,622)
Gain on changes in fair value of biological assets		427,283	109,387
Gross margin		2,529,271	511,811
Expenses			
General and administrative		(1,526,510)	(2,591,239)
Sales and marketing		(579,814)	(479,300)
Licences, permits and compliance costs		(743,654)	(701,176)
Education		(514,140)	(379,923)
Research and development		(515,781)	(420,931)
		(3,879,899)	(4,572,569)
Loss from operations		(1,350,628)	(4,060,758)
Interest income		9,576	25,584
Finance expense		(38,860)	(374,081)
Government grants and incentives	7	1,874,286	600,258
Fair value change on convertible note		-	(1,681,875)
Net foreign exchange		(10,045)	(14,151)
Profit/(loss) before tax		484,329	(5,505,023)
Tax expense	8	-	-
Profit/(loss) after tax		484,329	(5,505,023)
Other Comprehensive Income			
Exchange fluctuations on translation of foreign operations		(51,066)	(6,199)
Total comprehensive profit/(loss) net of tax		433,263	(5,511,222)
Net profit/(loss) per share			
Basic (cents)		0.36	(7.71)
Diluted (cents)		0.32	(7.71)
Weighted average number of shares outstanding			
Basic		134,428,608	71,367,259
Diluted		153,212,524	71,367,259

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital		Equity reserve	Share based payment reserve	Translation reserve	Accumulated deficit	Total
	No. Shares	\$					
As at 30 June 2019	69,579,336	7,317,514	-	895,581	(8,070)	(9,493,093)	(1,288,068)
Loss after tax	-	-	-	-	-	(5,505,023)	(5,505,023)
Translation reserve	-	-	-	-	(6,199)	-	(6,199)
Total comprehensive income	-	-	-	-	(6,199)	(5,505,023)	(5,511,222)
Share based payments	4,244,445	-	-	536,385	-	-	536,385
Transfer on vesting	-	528,889	-	(528,889)	-	-	-
Convertible note derivative	-	-	154,313	-	-	-	154,313
As at 31 December 2019	73,823,781	7,846,403	154,313	903,077	(14,269)	(14,998,116)	(6,108,592)
As at 30 June 2020	133,501,069	29,944,260	-	1,217,194	(56,013)	(18,808,528)	12,296,913
Loss after tax	-	-	-	-	-	484,329	484,329
Translation reserve	-	-	-	-	(51,066)	-	(51,066)
Total comprehensive income	-	-	-	-	(51,066)	484,329	433,263
Options exercised	3,150,000	945,000	-	-	-	-	945,000
Share based payments	-	-	-	552,188	-	-	552,188
Shares in lieu of payments	2,097,677	726,542	-	-	-	-	726,542
As at 31 December 2020	138,748,746	31,615,802	-	1,769,382	(107,079)	(18,324,199)	14,953,906

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Half Year Ended 31 December 2020	Half Year Ended 31 December 2019
Operating activities		
Net profit/(loss) before tax	484,329	(5,505,023)
Items not involving cash		
Changes in fair value of biological assets	(427,283)	(109,387)
Depreciation and amortisation	246,384	165,275
Share-based payments	1,310,680	536,385
Interest expense on lease liabilities	34,717	30,369
Interest on convertible notes at amortised cost	-	277,396
Fair value changes on convertible note	-	1,681,875
Foreign exchange impact on extinguishment of financial instruments	-	3,227
Changes in non-cash operating working capital		
Inventory and biological assets	(392,881)	(54,443)
Accounts receivable	(510,562)	(221,490)
Prepaid expenses	(235,138)	(269,865)
Accounts payable and accrued liabilities	23,884	11,720
Employee benefits obligations	(49,225)	(68,558)
Net cash flows from operating activities	484,905	(3,522,519)
Investing activities		
Purchase of plant and equipment	(1,018,794)	(2,939,682)
Purchase of intangible assets	(131,597)	(8,410)
Refundable lease deposits	-	(160,098)
Net cash flows from investing activities	(1,150,391)	(3,108,190)
Financing activities		
Convertible note issuance	-	9,000,000
Costs associated with the issue of convertible notes	-	(524,812)
Proceeds from the exercising of options	945,000	-
Proceeds from borrowings	1,016,000	-
Repayment of borrowings	(1,016,000)	-
Payments for lease liabilities	(106,484)	(118,771)
Net cash flows from financing activities	838,516	8,356,417
Net change in cash and cash equivalents	173,030	1,725,708
Cash and cash equivalents, beginning of period	4,273,564	510,286
Effect of changes in foreign exchange	2,102	754
Cash and cash equivalents, end of period	4,448,696	2,236,748

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE AND CONTINUANCE OF OPERATIONS

Little Green Pharma Ltd ACN 615 586 215 (the "Company", "LGP") is incorporated in Australia and is a for profit company limited by shares. The financial report covers LGP and its controlled entities (the "Group"). The Company's registered office is at Level 2, 66 Kings Park Road, West Perth, 6005 Western Australia.

The Company owns 100% of the shares of Little Green Pharma AG ("LGP Germany"), a company incorporated pursuant to the German Stock Corporation Act. The principal business of LGP Germany is the facilitation of medicinal cannabis sales into Europe.

The Company owns 100% of the shares of Little Green Pharma AG ("LGP Germany"), a company incorporated pursuant to the German Stock Corporation Act and 100% of the shares of Little Green Pharma Switzerland GmbH ("LGP Switzerland"), a company incorporated pursuant to the Swiss Company Register. The principal businesses of LGP Germany and LGP Switzerland is the facilitation of medicinal cannabis sales into Europe.

During the period, the Company incorporated LGP Operations Pty Ltd ("LGP Operations") in Australia. The principal business of LGP Operations is the facilitation of operations and medicinal cannabis sales in Australia.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Corporations Act 2001 and AASB 134 "Interim Financial Reporting" which ensures compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The Company is a for-profit entity for the purpose of preparing the financial statements which were authorised for issue by the Board of Directors on 23 February 2021.

b) Basis of measurement

These consolidated financial statements have been prepared on the going concern basis which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the most recent annual financial report except for the depreciation associated with the cultivation facility which is now being depreciated based on units of production rather than straight line. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company has the following subsidiaries:

Name of Entity	Country of Incorporation	Functional Currency	Ownership	
			31 December 2020	30 June 2020
Little Green Pharma AG	Germany	Euro	100%	100%
Little Green Pharma Switzerland GmbH	Switzerland	CHF	100%	100%
LGP Operations Pty Ltd*	Australia	AUD	100%	-

* Incorporated during 2021.

d) Functional and presentation currency

The Company's functional currency is Australian dollars and all amounts presented are in Australian dollars unless otherwise specified.

3. BIOLOGICAL ASSETS AND INVENTORY

The Group's inventory including biological assets is comprised of:

	31 December 2020	30 June 2020
Biological assets	150,413	13,857
Work in progress	1,452,800	842,888
Finished goods	301,908	98,834
Stock in transit	167,817	236,042
Supplies and consumables	110,549	171,702
	2,183,487	1,363,323

Biological assets are classified as Level 3 on the fair value hierarchy with the following inputs and assumptions being subject to significant volatility and uncontrollable factors, which could significantly affect the fair value of the biological assets in future periods:

- plant waste – wastage of plants based on various stages of growth;
- yield per plant – represents the weighted average grams of dry cannabis expected to be harvested from a cannabis plant, based on historical yields;
- cannabinoid yield per gram – represents the weighted average cannabinoids expected to be obtained from a dry gram of cannabis, based on historical yields;
- selling price, less costs to sell – based on estimated selling price per gram of dry cannabis based on historical sales and expected sales;
- percentage of costs incurred to date compared to the total costs to be incurred (to estimate the fair value of an in-process plant) – represents estimated costs to bring a gram of cannabis from propagation to harvest; and
- stage of plant growth – represents the weighted average age in of the plant out of the average growing cycle as at period end date.

In the current period, the biological assets were approximately 25% complete (30 June 2020: 5%) as to the next expected harvest date. The average number of days from the point of propagation to harvest is 104 days.

4. PLANT AND EQUIPMENT

The Group's plant and equipment comprised of:

	Leasehold improvements	Cultivation & production	Manufacturing & Scientific equipment	Office equipment	Total
Cost					
As at 30 June 2019	223,853	96,373	333,100	82,458	735,784
Additions	6,312,915	533,111	121,319	46,466	7,013,811
As at 30 June 2020	6,536,768	629,484	454,419	128,924	7,749,595
Additions	408,047	47,178	34,707	24,857	514,789
Transfers	282,697	(626,812)	370,171	(26,056)	-
Write-off asset	(143,575)	-	-	(53,201)	(196,776)
As at 31 December 2020	7,083,937	49,850	859,297	74,524	8,067,608
Accumulated depreciation					
As at 30 June 2019	(46,709)	(19,464)	(3,626)	(56,368)	(126,167)
Depreciation	(29,469)	(63,923)	(8,921)	(33,046)	(135,359)
As at 30 June 2020	(76,178)	(83,387)	(12,547)	(89,414)	(261,526)
Depreciation	(64,228)	(2,511)	(39,259)	(7,504)	(113,502)
Transfers	(71,140)	82,476	(23,232)	11,896	-
Write-off asset	143,575	-	-	53,201	196,776
As at 31 December 2020	(67,971)	(3,422)	(75,038)	(31,821)	(178,252)
Carrying value					
30 June 2020	6,460,590	546,097	441,872	39,510	7,488,069
31 December 2020	7,015,966	46,428	784,259	42,703	7,889,356

5. RIGHT OF USE ASSETS

The movement associated with the Group's right of use assets is as follows:

	Right of use assets
As at 30 June 2019	91,797
Additions	1,786,028
Depreciation	(222,677)
As at 30 June 2020	1,655,148
Additions	18,740
Variations	(50,704)
Depreciation	(109,253)
As at 31 December 2020	1,513,931

The Group leases both its production facility and its head office. The average lease term of right to use assets is 10 years, with available lease extension options. During the period, the Company's head office rent was reduced as a result of COVID-19.

6. SHARE CAPITAL

At 31 December 2020 a total of 138,548,746 ordinary shares had been issued (30 June 2020: 133,501,069).

Non cash financing activities for the half year ended 31 December 2020 included issuing 2,097,677 ordinary shares in lieu of cash at a weighted average issue price of \$0.35 per share. Of this, 1,260,380 shares valued at \$408,296 were issued to directors and employees in lieu of their salaries. The weighted average issue price was \$0.32 per share which was based on the fortnightly VWAP over the period for which salaries were foregone.

7. GOVERNMENT GRANTS AND INCENTIVES

During the period, the Company received a Research and Development Tax Incentive Rebate of \$1,490,103 (31 December 2020: \$600,258) associated with its research and development expenditure, a Department of Primary Industries Regional Development Grant of \$120,000 (31 December 2020: Nil) associated with the construction of its GMP manufacturing facility as well as \$264,183 (31 December 2020: Nil) in Jobkeeper and Cash Flow Boost payments from the Australian Federal Government.

8. INCOME TAXES

As the Group has recorded a net loss for income tax purposes in all periods to date, no current income tax expense or deferred tax has been recorded in these financial statements.

The reconciliation of income tax obtained by applying statutory rates to the profit/(loss) before income tax is as follows:

	31 December 2020	31 December 2019
Profit/(loss) for the year before income taxes	484,329	(5,505,023)
Statutory tax rate	27.5%	27.5%
	133,190	(1,513,881)
Add / (deduct)		
- Share based payments	360,437	147,506
- Research and development incentive	(515,429)	(165,071)
- Movement in deferred tax asset not recognised	21,802	1,531,446
Income tax expense	-	-

Total tax losses for which no deferred tax assets has been recognised are \$5,313,326 (31 December 2019: \$4,478,799). Utilisation of carry forward tax losses is dependent upon the satisfaction of the requirements of the Income Tax Assessment Act 1936 and 1997 within Australia (continuity of ownership and same business test with no expiry if tests are achieved) and the relevant loss recoupment provisions in subsidiaries in foreign jurisdictions. The Company has no uncertainties over income tax treatments.

9. SHARE-BASED PAYMENTS

The Board of Directors has the discretion to determine to whom options, performance rights and other equity instruments will be granted, the number and exercise price as well as the terms and time frames in which they will vest and be exercisable.

Options

	Number of options	Weighted average exercise price
Balance at 30 June 2019	10,850,000	\$0.30
Granted	4,073,436	0.45
Forfeited	-	-
Exercised	-	-
Balance at 30 June 2020	14,923,436	\$0.34
Granted	-	-
Forfeited	(500,000)	0.30
Exercised	(3,150,000)	0.30
Balance at 31 December 2020	11,273,436	\$0.35

All options outstanding had vested at 31 December 2020.

Performance rights

	Number of rights	Weighted average rights value
Balance at 30 June 2019	7,233,335	\$0.13
Granted	6,000,000	0.40
Forfeited	-	-
Exercised	(6,233,335)	0.13
Balance at 30 June 2020	7,000,000	\$0.36
Granted	-	-
Forfeited	(2,500,000)	0.29
Exercised	-	-
Balance at 31 December 2020	4,500,000	\$0.40

Each performance right entitles the holder to acquire one fully paid share for nil consideration, subject to certain vesting conditions being met. There are three tranches of 500,000 rights each held by three senior management employees, totalling 1,500,000 rights each.

When a share price vesting hurdle is satisfied (within three years of grant date), and if the employee is still employed by the Group, then the employee will receive:

- 🌿 33.3% of the performance rights immediately;
- 🌿 33.3% on the first anniversary of the milestone being achieved; and
- 🌿 33.3% on the second-year anniversary of the milestone being achieved.

If the vesting hurdle is not met within three years of the grant date, the rights will lapse.

At 31 December 2020 no performance hurdles had been met.

Retention rights

	Number of rights	Weighted average rights value
Balance at 30 June 2019	-	-
Granted	-	-
Forfeited	-	-
Exercised	-	-
Balance at 30 June 2020	-	-
Granted	1,200,000	\$0.30
Forfeited	-	-
Exercised	-	-
Balance at 31 December 2020	1,200,000	\$0.30

During the year ended 30 June 2020, the Board resolved subject to obtaining Shareholder approval at the Annual General Meeting in November 2020, to issue 1,200,000 performance rights to employees and Non-executive Directors with vesting occurring on the third anniversary of the IPO date (February 2023). Approval was obtained and these rights were issued during the period. Each performance right has a nil exercise price and a fair value of \$0.30.

Employee share incentive plan

The employee share incentive plan is an annual plan based on the calendar year for employees who are not entitled to Executive Performance Rights. The Group's Managing Director determines each employee's allocation based on their performance for the period. Each right has a nil exercise price, a fair value of \$0.44 and a total of 1,008,000 shares were issued post period end.

10. FINANCIAL INSTRUMENTS

The classification of the Group's financial instruments, as well as their carrying amounts and fair values, are as follows:

	31 December 2020		30 June 2020	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets				
<i>Amortised Cost</i>				
Cash and cash equivalents	4,448,696	4,448,696	4,273,564	4,273,564
Accounts receivable	1,140,219	1,140,219	629,657	629,657
Refundable deposits	334,945	334,945	340,229	340,229
Financial liabilities				
<i>Amortised Cost</i>				
Accounts payable and accrued liabilities	1,682,668	1,682,668	2,086,993	2,086,993
Lease liability	1,585,423	1,585,423	1,685,116	1,685,116

The carrying value of the cash and cash equivalents, accounts receivable, refundable deposits, accounts payable and accrued liabilities approximate the fair value because of the short-term nature of these instruments.

The Group is exposed to varying degrees to a variety of financial instrument related risks:

Currency risk

The Company's German subsidiary has a Euro functional currency and the majority of its assets, liabilities and expenditures are Euro denominated and its Swiss subsidiary has a Swiss franc functional currency and the majority of its assets, liabilities and expenditures are Swiss franc denominated.

Credit risk

Credit risk is the risk of an unexpected loss to the Group if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Group's maximum exposure to credit risk as at 31 December 2020 is the carrying value of its financial assets. The Group's cash and refundable deposits are predominately held in large Australian financial institutions. With regard to receivables, the Group's exposure to credit risk is to a limited number of counterparties who are provided credit in the normal course of business. The Group has not experienced any historical losses on receivables and hence the estimated credit loss is immaterial.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Group to cash flow interest rate risk. The Group does not hold any financial liabilities with variable interest rates. The Group does maintain bank accounts which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with financial liabilities. The Group manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. All liabilities other than lease liabilities fall due within 6 months with the carrying amount equalling total contractual cashflows.

11. OPERATING SEGMENTS

The Group's Managing Director who is the chief operating decision maker manages the business, makes resource allocation decisions and assesses performance based on the operations as a whole and therefore the consolidated financial statements represent the single operating segment. The Group derived its revenue from selling Australian medicinal cannabis products locally and overseas. All overseas sales are FCA from the facility except for sales into the United Kingdom which are held on consignment by the Company's distributor.

12. IMPACTS AND 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, apply for cost relief and Government assistance where available, secure supply chains of critical materials and consumables and defer non-essential research and development. In addition, from 1 April 2020 and 1 May 2020 respectively, executive and staff salaries were reduced by up to 20% through to February 2021 and were issued with shares in lieu equivalent to 20% of their salaries. These measures are to ensure LGP remains well positioned to pursue opportunities post COVID-19.

13. EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year end that has significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent accounting periods other than the company issuing 34,000,000 shares at \$0.65 to raise \$22.1 million in February 2021. The Company is also presently undertaking a Share Purchase Plan for existing eligible LGP shareholders to raise up to a further \$5.0 million.

DIRECTORS' DECLARATION

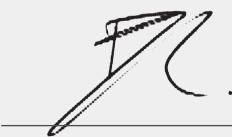
The directors of the Company declare that:

1. The financial statements and notes for the period ended 31 December 2020 are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in basis of preparation Note 1 to the half year financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the Company;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Michael Lynch Bell
Independent Non-Executive Chair



Fleta Solomon
Managing Director

23 February 2021



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The Directors
Little Green Pharma Ltd
Level 2, 66 Kings Park Rd
West Perth WA 6005

23 February 2021

Dear Directors

Auditor's Independence Declaration to Little Green Pharma Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Little Green Pharma Ltd.

As lead audit partner for the review of the financial statements of Little Green Pharma Ltd for the half-year ended 31 of December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

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10

Independent Auditor's Report

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54570 Densborn
Deutschland

Dicht verschlossen 21
geschützt
lagern



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Independent Auditor's Review Report to the Members of Little Green Pharma Ltd

We have reviewed the accompanying half-year financial report of Little Green Pharma Ltd, which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of financial performance, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 19.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Little Green Pharma Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Little Green Pharma Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Little Green Pharma Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU



Ian Skelton
Partner
Chartered Accountants
Perth, 23 February 2021

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This is an unregistered medicine manufactured to medical-grade standards.

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