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ASX ANNOUNCEMENT

Appendix 4C Quarterly Cash Flow Report for the Quarter Ending 30 September 2020

Farmaforce Limited ("Farmaforce" or "Company") (ASX:FFC), a contract sales organization offering innovative solutions to the Australian Pharmaceutical Industry, is pleased to release its Quarterly Activity Report and associated Appendix 4C (Quarterly Cashflow Report) to the market.

Business Activities for the Quarter

The key highlights are:

- Cash balance stands in a strong position with a balance of $2,086k at the end of the current quarter (Q1 FY21). This increased by $1,492K when compared to the previous quarter (Q4 FY20: $594k).
- An overall increase of 937% in operating net cash inflows for Q1 FY21. This represents a significant increase of $1,350K compared to Q1 FY20 (Q1 FY21: net cash inflows $1,494K; Q1 FY20: net cash inflows $144K).
- Despite the impact of COVID-19, the Company successfully delivered a profit of $350k for the first quarter of FY21 (Q1 FY21). This represents an increase of 127% (an improvement of $1,623K in profit), which is a significant result for the Company when compared to this time last year (Q1 FY20) which delivered a first quarter loss of $1,273k. The first quarter profit was driven by swift cost reduction measures that were initiated in 2HY FY20 and have been realized in the result for Q1 FY21.

Farmaforce has always focused on increasing sales capacity, innovating its business model from fee for service to a profit-sharing partnering model with its clients, and diversifying its sales reach across more medical specialties.

During the quarter, the Company has continued to realize the impact of new contracts and clients won in the previous quarters which has built a solid backlog and increased cashflow vs this time last year.

The Company was able to further cushion the impact of COVID-19 through government supplementary funds received in the current quarter. This supplementary funding will be invested into the Company's sales teams to drive the business into profitability in FY21.

Payments to Related Parties and their Associates (Refer section 6 of Appendix 4C)

During the quarter, the Company paid $65K in relation to overhead reimbursements, consulting fees and directors' remuneration to its related parties and their associates.

About Farmaforce

Farmaforce Ltd is an ASX-listed organization (ASX: FFC) offering innovative sales, data and medical affairs solutions to the Australian healthcare industry. Since inception in 2014, the company has grown its revenue, clients and staff to become one of the leading service organizations in the growing Australian healthcare sector. More than just a sales force, Farmaforce creates scalable, customized solutions that are on demand to help our clients reach their business goals, avoiding in-house overheads. Farmaforce Ltd is a subsidiary of The IQ Group Global Ltd, which is a core member of the IQ Group Global bioscience investment group, providing specialist life science services to the global biopharmaceutical and investment sectors.

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Authorized by: Dr George Syrmalis, Director of Farmaforce Limited, 30th October 2020

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Appendix 4C

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

Name of entity	
Farmaforce Limited	
ABN	**Quarter ended ("current quarter")**
95 167 748 843	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	3,373	3,373
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(141)	(141)
	(c) advertising and marketing	(24)	(24)
	(d) leased assets	-	-
	(e) staff costs	(2,373)	(2,373)
	(f) administration and corporate costs	(41)	(41)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(25)	(25)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	725	725
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**1,494**	**1,494**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-	-
	(d) investments	(13)	(13)
	(e) intellectual property		
	(f) other non-current assets		

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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		
2.6	**Net cash from / (used in) investing activities**	**(13)**	**(13)**

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	25	25
3.6	Repayment of borrowings	(14)	(14)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**11**	**11**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	594	594
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,494	1,494
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(13)

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)	11	11
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,086**	**2,086**

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	2,086	594
5.2	Call deposits	-	-
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)**	**2,086**	**594**

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	52
6.2	Aggregate amount of payments to related parties and their associates included in item 2	13

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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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	4,000	441
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	4,000	441

7.5	**Unused financing facilities available at quarter end**	3,559

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.

$4m working capital facility with The IQ Group Global Limited, the parent entity of Farmaforce. This is an interest free, unsecured loan that matures in December 2024.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,494
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,086
8.3	Unused finance facilities available at quarter end (Item 7.5)	3,559
8.4	Total available funding (Item 8.2 + Item 8.3)	5,645
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	3.78

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 as item 8.5 is greater than 2 quarters

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 as item 8.5 is greater than 2 quarters

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 as item 8.5 is greater than 2 quarters

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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: .....30th October 2020.....

Authorised by: Dr George Syrmalis, Director of Farmaforce Limited

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.