



PALLA PHARMA

# ASX ANNOUNCEMENT

Wednesday 17 March 2021

## Investor Update

- **Settlement of Legal Dispute**
- **Delivery of MA Product Packaging Materials Confirmed**
- **Finished Dosage Production Rates Being Achieved**

Palla Pharma Limited (ASX:PAL) ("the Company"), a fully integrated opiate manufacturer and supplier to the global pain relief market, provides the following progress update on key initiatives as set out in the ASX announcements related to the FY20 Full Year Results & Capital Raise presentation release on 26 February 2021.

### Settlement of Legal Dispute

As disclosed in the FY20 Full Year Results & Capital Raise presentation, the Company has agreed a production partnership arrangement with M&A Pharmachem which involves the parties entering multi-year marketing authorisation sharing, contract manufacturing and API supply agreements. In the course of agreeing the principal terms of these arrangements, the parties also settled an outstanding product supply dispute with M&A Pharmachem agreeing to pay for product used and transfer ownership back to Palla Pharma of unused product; the unused product would then be made available for use under the production partnership supply agreement. The first of three payments for the used product, which total to GBP450,000, has been received with the balance to be received by April 23, 2021.

### Delivery of Palla Pharma MA Finished Dosage Packaging Materials Confirmed

The approved supplier of packaging materials for the Palla Pharma 30/500 Co-Codamol Marketing Authorisation ("MAs") products has confirmed that the first significant deliveries of packaging cartons will be delivered to Palla Pharma's Norway facility on Friday, March 19, 2021. Receipt of this packaging will allow the Company to start packing the bulk tablets which have been produced in anticipation of its arrival; most likely on Saturday, March 20, 2021 with first shipments of product to the United Kingdom expected shortly thereafter.

### Finished Dosage Production Rates Being Achieved

The Norway Finished Dosage production facility has recently achieved the targeted production rates to reach 750,000 packs per month, reflected in the FY20 Full Year Results & Capital Raise presentation across multiple shifts while producing the core Finished Dosage product, 30/500 Co-Codamol caplets, for its contract manufacturing customer. It is expected that these production rates will continue once production capacity is directed to the packaging of the Palla Pharma 30/500 Co-Codamol MA products shortly, and consistency will continue to improve as ongoing production improvements to limit equipment downtime are identified during the new product ramp up phase.

This announcement has been approved for release by the Board of Directors.

**Palla Pharma Limited**

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**About Palla Pharma Limited:**

Palla Pharma Limited (ASX:PAL) is a vertically integrated opiate manufacturer from poppy straw growing through to tableting production. Palla Pharma has developed an innovative, efficient, and environmentally sustainable opiate manufacturing process based on a unique water-based extraction technology. The company is one of six licensed opiate producers globally, and one of three fully integrated suppliers from opiate extraction through to tableting production delivering on its strategy to secure access to regulated downstream narcotics markets by leveraging its production cost advantage.

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