



PALLA PHARMA

# ASX ANNOUNCEMENT

Friday 26 February 2021

## PAL announces Entitlement Offer

Palla Pharma Limited (ASX: PAL) (**PAL**) announces that it is conducting a placement to institutional investors to raise approximately \$4 million (**Placement**), and an accelerated non-renounceable pro-rata entitlement offer to raise approximately \$14 million (**Entitlement Offer**) (together forming the **Capital Raising**). The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

Investors will be offered new fully paid ordinary shares under the Capital Raising (**New Shares**). Morgans Corporate Limited has agreed to fully underwrite the Entitlement Offer.

The proceeds of the Capital Raising will be used to:

- reduce PAL's existing debt;
- improve the PAL's working capital position to allow it to take advantage of high margin growth opportunities in UK and Europe arising from the PAL's purchase of Marketing Authorisations; and
- cover the costs of conducting the Capital Raising.

The Capital Raising will be conducted at an offer price of \$0.50 per New Share which represents a 27% discount to PAL's last closing price and 22.3%<sup>1</sup> discount to the Theoretical Ex-Rights Price (TERP<sup>2</sup>).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 2 New Shares for every 9 existing PAL shares (**Entitlement**) held at 7:00pm (AEDT) on Tuesday, 2 March 2021 (**Record Date**).

New Shares will be fully paid and rank equally in all respects with existing PAL ordinary shares. The Capital Raising will result in the issue of up to approximately 36 million New Shares, representing approximately 28.6% of PAL's existing securities on issue.

PAL has been advised by Arnold Bloch Leibler and KPMG. Morgans Corporate Limited has lead managed and underwritten the Capital Raising.

## Placement

Eligible institutional investors will be invited to participate in the Placement. New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

## Entitlement Offer

The Entitlement Offer is non-renounceable and rights are not transferrable and will not be traded on the ASX or other exchange.

<sup>1</sup> At Friday 26 February 2021, PAL's last closing price was A\$0.685 per share and the TERP is A\$0.644 per share.

<sup>2</sup> TERP is a theoretical calculation only and the actual price at which PAL shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP. TERP has been calculated as: (existing market capitalisation of PAL plus additional equity raised) / total shares on issue following the Entitlement Offer.



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Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

### Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer. Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price.

### Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date of 7.00pm (AEDT), Tuesday, 2 March 2021 will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer opens on Friday, 5 March 2021 and closes at 5.00pm (Melbourne time) on Monday, 22 March 2021.

Further details about the Retail Entitlement Offer will be outlined in a retail offer booklet (**Information Booklet**) which will be lodged with the ASX on Friday, 5 March 2021 and available to view on the Entitlement Offer website: <https://events.miraqle.com/PAL-offer>. PAL will send letters to Eligible Retailer Shareholders on Friday, 5 March 2021 containing their login details to access the Entitlement Offer website: <https://events.miraqle.com/PAL-offer> for the purposes of downloading the Information Booklet and personalised Entitlement and Acceptance Form. Additional information can be found in the investor presentation lodged with the ASX.

For Eligible Retail Shareholders who wish to take up all or part of their Entitlement, payment must be made via BPAY® or a cheque sent with the completed Entitlement and Acceptance Form. Payment must be received before the Retail Entitlement Offer closes at 5.00pm (Melbourne time) on Monday, 22 March 2021.

The Retail Entitlement Offer is underwritten by Morgans Corporate Limited. Details of the underwriting of the Retail Entitlement Offer are set out in the Retail Offer Booklet.

### Capital Raising timetable

Event	Date
Company announces Capital Raising	Friday, 26 February 2021
Placement and Institutional Entitlement Offer opens	Friday, 26 February 2021
Placement and Institutional Entitlement Offer closes	Monday, 1 March 2021
Results of Placement and Institutional Entitlement Offer	Tuesday, 2 March 2021

#### Palla Pharma Limited

PO Box 2139 Melbourne, VIC 3001, Australia

T +61 3 9301 0800 / F +61 3 9301 0899 / W [pallapharma.com](http://pallapharma.com) / E [info@pallapharma.com](mailto:info@pallapharma.com)



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Record Date for the Retail Entitlement Offer	Tuesday, 2 March 2021
Despatch of Information Booklet and Entitlement and Acceptance Form to Eligible Retail Shareholders	Friday, 5 March 2021
Retail Entitlement Offer opens	Friday, 5 March 2021
Allotment and quotation of New Shares issued under Placement and Institutional Entitlement Offer	Monday, 8 March 2021
Retail Entitlement Offer closes	Monday, 22 March 2021
Announcement of Results of Retail Entitlement Offer	Thursday, 25 March 2021
Allotment of New Shares under the Retail Entitlement Offer	Monday, 29 March 2021
Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Tuesday, 30 March 2021
Despatch of holding statements	Wednesday, 31 March 2021

The timetable above is indicative only and subject to change. PAL reserves the right to alter the dates at its full discretion without prior notice, subject to the ASX listing rules and the *Corporations Act 2001* (Cth).

**Legal adviser**

Arnold Bloch Leibler  
Level 21, 333 Collins Street  
Melbourne VIC 3000  
[www.abl.com.au](http://www.abl.com.au)

**Lead Manager and Underwriter to the Capital Raising**

Morgans Corporate Limited ABN 32 010 539 607  
Level 29, 123 Eagle Street  
(GPO Box 202)  
Brisbane QLD 4000

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

**Palla Pharma Limited**

PO Box 2139 Melbourne, VIC 3001, Australia  
T +61 3 9301 0800 / F +61 3 9301 0899 / W [pallapharma.com](http://pallapharma.com) / E [info@pallapharma.com](mailto:info@pallapharma.com)



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**For more information please contact:**

**Simon Moore**

Chairman  
Palla Pharma Limited  
+61 3 9301 0800

**Brendan Middleton**

Interim CEO  
Palla Pharma Limited  
+61 3 9301 0800

**Adrian Mulcahy**

Investor Relations  
Market Eye  
+61 438 630 422  
[ir@pallapharma.com](mailto:ir@pallapharma.com)

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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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