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NZX Limited
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**Rua Bioscience announces achievement of Milestone One of the Zalm Acquisition.
Key to building sustainable revenue.**

Rua Bioscience (NZX: RUA) announces that Milestone One of the critical production, pricing and regulatory milestones in the agreement for sale and purchase of all of the shares in Zalm Therapeutics Limited (Zalm) has been achieved. Rua is now required to convert 50% of the performance shares issued to the former shareholders of Zalm into ordinary shares in Rua. A capital change notice has been filed accordingly.

Milestone One allowed for the issue of 8,140,000 Rua shares on Cann Group supplying the necessary manufacturing information required for Rua to submit German regulatory approvals for the sale of CBD and THC oil extracts as medicinal cannabis products and confirmation of production capacity at specified preferential pricing terms.

Rua Bioscience Managing Director, Anna Stove, says “the meeting of Milestone One will enable Rua to further execute its European export strategy and expand its presence into key high-value European markets in a capital-light and cost-effective manner.”

Rua launched its first product for New Zealand patients in April and is currently working with its German distributor, Nimbus Health, on the launch of its first medicine in Germany. The company expects its dried flower, produced by Cann Group, will be available for German patients early in the new year.

“While Germany is our current priority, the key to building sustainable revenue will be the development of a range of competitively priced, differentiated products for both New Zealand and global markets. The acquisition of Zalm and its preferential supply agreement with Cann Group was intended to enable Rua to build meaningful market presence faster and with a greater economy of scale. The meeting of Milestone One advances us significantly.”

Rua entered into an agreement to acquire Zalm in November 2021 and completed the acquisition in early February 2022, with 99.97% of those voting approving the purchase. A Transition Advisory Board was promptly established to ensure the successful integration of Zalm into Rua, which incorporated the Cann Group supply agreement.

“I’d like to thank the advisory board for their diligence to date, and look forward to updating the market as we achieve further commercial milestones.”

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