



**Special Shareholders' Meeting**  
**Acquisition of Zalm Therapeutics**  
19 January, 2022

“Through the acquisition of Zalm, we combine our unique kaupapa, expertise, product innovation and excellence in cultivation with world-leading scale and GMP capable international manufacturing capacity, and experienced distribution partners; positioning Rua to rapidly accelerate its global business and revenue generation in a capital-efficient manner.”



# Zalm™

Zalm Therapeutics Ltd.

**For you. With you.**  
**Harnessing the potential of medicinal cannabis.**

## Introduction

Subject to shareholder approval, Rua has reached an agreement to acquire Zalm Therapeutics. The acquisition provides access to significant world-class scale cannabis cultivation and manufacturing capacity, which will accelerate Rua's sales into its key target markets.

Zalm Therapeutics Limited ("Zalm") Zalm has a highly attractive long-term supply agreement with Cann Group ("Cann"), one of Australasia's largest GMP compliant medicinal cannabis plant breeding, cultivation, production and manufacturing companies.

# Strong Strategic Rationale

Zalm is a medicinal cannabis business with attractive supply and distribution arrangements for GMP-grade cannabis products to NZ and global markets. Zalm is majority owned by Michael Wilding, Rob Fyfe, Jonty Edgar and Australian ASX-listed Cann Group. Consistent with Rua's cultivation strategy, Zalm's supply arrangements with Cann provides Rua with further ability to service NZ and international medicinal cannabis markets.



Speed to  
Market



World Class  
and Globally  
Competitive  
Scale



Quality  
Leadership



Preferential  
and  
Competitively  
Priced  
Product



De-Risks  
Rua's  
Business  
Strategy



Patient-  
focused  
Therapy  
Awareness  
Programme



IP and  
Knowledge  
Sharing



# Four Key Outcomes

The Board of Rua Bioscience anticipates the purchase of Zalm will result in:

1. **Meaningful market presence** faster and with a greater economy of scale than any other New Zealand medicinal cannabis company.
2. **Market position earlier**, ahead of competitors.
3. Greater commercial **opportunity for world-class cultivation** from Te Tairāwhiti.
4. **Accelerated revenue generation**, stabilising local operations, enabling the expansion of our local grower partner programme and **fostering our long-term commitment to local job creation**.



# Summary of the Acquisition Terms

Proposed acquisition for \$10m equity value with one third paid upfront and the remaining two thirds in equal instalments upon achievement of critical production and regulatory milestones.

**\$10m equity value** (\$8.5m enterprise value net of Zalm cash) assuming full achievement of earn-out milestones<sup>1</sup>.

**100% of the agreed purchase value will be satisfied through the issue of new Rua shares at approximately \$0.41** (based on 60-day VWAP) with \$3.3m paid on completion and remaining consideration paid in two equal instalments (\$3.3m each installment) conditional on the achievement of key milestones<sup>1</sup>:

- Receiving necessary German regulatory approvals for the sale of CBD and THC oil extracts and confirmation of agreed production volumes at specified preferential pricing terms, expected by July 2022; and
- Receiving necessary German regulatory approvals for the sale of dried flower and confirmation of agreed production volumes at specified preferential pricing terms, expected by July 2023.

Assuming all milestones are achieved, **Rua would issue 24,420,000<sup>1</sup> new Rua shares to Zalm shareholders.** This exceeds Rua's 15% placement capacity under the NZX Listing Rules and is therefore subject to approval by Rua's shareholders.

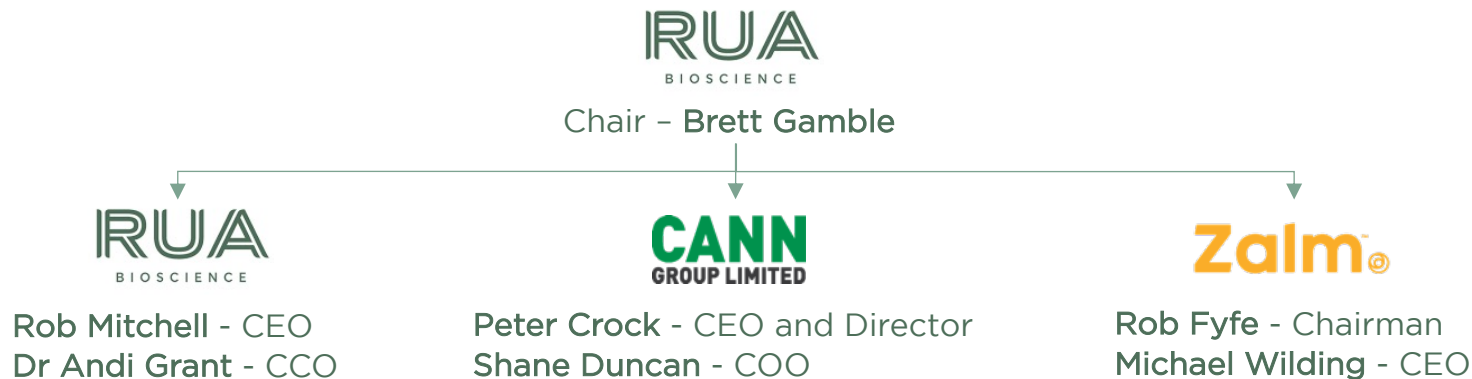
1. Under certain circumstances this may be adjusted to up to 28,735,632 (see page 19 of the Investor Presentation)

# Establishment of the Transition Advisory Board

Rua, Cann and Zalm will form a Transition Advisory Board to facilitate the integration of Zalm.

Over the 12 months following settlement of the transaction, this Board will ensure the objectives of the strategic partnerships are met, and all key existing relationships remain aligned to maximise the value from the transaction.

## Transition Advisory Board



# Zalm Business Overview



## Supply and Cultivation

Zalm has long term supply and technical services agreements with Cann, one of Australia's leading medicinal cannabis suppliers.

## Distribution

Zalm holds agreements with CDC Pharmaceuticals (NZ) to supply finished products directly into wholesale channels, as well as export distribution relationships in our key target export markets.

## Product Range

Zalm plans to launch a range of cannabis oils in both NZ and Germany in 2022, with dried cannabis flower also planned to launch in Germany 2H2022.

## Patient Management

Zalm is developing a patient wellbeing programme with Atlantis Healthcare for personalised support to patients and clinicians in the use of Zalm products.



# Supply and Cultivation



Zalm has executed:

- Long-term supply agreements at highly competitive terms.
- A long-term technical services agreement for the provision of operational services that include:
  - Licensing and regulation;
  - Medicinal cannabis production & processes;
  - Genetics access, selective breeding and cultivation; and
  - New product formulation and manufacturing.

This allows Zalm to source high-quality, GMP-grade medicinal cannabis without significant capital investment in cultivation and production facilities.



Cann Group's new Mildura cultivation and processing facility expected to be completed in early 2022.

# Secures Supply at a Global Scale

Exclusive supply arrangements with Cann provide access to a globally scalable grower partner at attractive price terms, without the need for significant capital investment.

## Cann Group Overview

- Existing production facilities currently provide ~1,200kg per annum of production capacity for dried flower. Completion of Stage 1a of Cann production facility in Mildura, expected in early 2022, allows for an additional ~**12,500kg** per annum. Further expansion opportunities at Mildura are available for staged increases in production capacity up to **70,000kg**.
- Established in 2014, Cann was the first Australian company to be issued with a medicinal cannabis Research Licence and Cultivation Licence.
- ASX listed with current market capitalization of ~A\$100m.

## Zalm Supply Arrangements

- Long-term preferential access to a percentage of Cann capacity at highly competitive pricing, with Zalm prioritised over customers outside Australia.
- Fully variable product cost and no minimum order quantities.
- Exclusive supply and sale rights for NZ and non-exclusive for Australia and other global markets.
- Two exclusive agreements for supply and technical services, for the period to October 2027, with options to extend.
- Price terms are at significantly better than other grower partners due to scale and market efficiencies.

# Product Range



Zalm has developed a product suite of three cannabis oil products under the aZana brand, expected to launch in 2H CY2022 comprising THC, CBD and balanced (THC/CBD blend) oils.

All aZana products will be manufactured in Cann's GMP facility (once licencing is complete) and meet New Zealand and European regulatory requirements.

Through the long-term supply agreement, Zalm is well placed to be able to work with Cann to access its future pipeline of innovative products.



## THC

aZana THC26 is a whole-plant formulation which has been designed for oral consumption. THC is the main psychoactive compound found in cannabis and is responsible for the 'high' feeling.

## CBD

aZana CBD100 whole-plant cannabis oil is a CBD dominant formulation, which contains less than 2% THC and is designed to be taken orally. Unlike THC, CBD is non psycho active.

## Balanced

aZana THC10 CBD15 is a balanced 3:5 oil designed to be taken orally.

# Patient Management



In conjunction with Atlantis Healthcare, Zalm is developing a comprehensive digital platform that provides patients ongoing support in the use of Zalm products.

Atlantis Healthcare brings internationally recognised expertise having developed similar health platforms globally for Pfizer, AbbVie, GlaxoSmithKline and Merck.



## Pre-Prescription

### Is Medicinal Cannabis Right for Me?

A Therapy Awareness and Empowerment Toolbox provides personalised advice and evidence, ensuring well-informed decisions and empowering conversations with doctors and other experts.



## Post-Prescription

### MyZalm

An ongoing Patient Management Programme that monitors wellbeing, provides access to community platforms and the option to contribute experiences to local and global learning cohorts.

# Creating New Zealand's Premier Medicinal Cannabis Company

The combination of Rua and Zalm will create NZ's premier medicinal cannabis company with access to one of Australasia's largest GMP-grade medicinal cannabis supply, increased R&D capabilities and international and domestic distribution channels.

## Patient Focused

Digital platforms supporting patients and clinicians to get the right medicine and the right time.

## Revenue Driven

Expanded product range and distribution.

## Premium Manufacturing

Locally produced oil and flower products serving NZ and global markets.

## Premium Cultivation

Premium indoor growing expertise complemented by NZ-wide grower partnerships.

## Premium Finished Products

Harnessing healing power of medicinal cannabis.

## Capital Efficient Global Supply

Cann manufacturing at scale with access to broad R&D platforms.







IRUA  
BIOSCIENCE