

Rua Bioscience Ltd (NZX: RUA)
Special Shareholders' Meeting
12:00pm, 19 January 2022

CHAIRMAN'S COMMENTARY

Welcome to this Special Meeting of the Rua Bioscience shareholders to consider the purchase of Zalm Therapeutics. Thank you for joining us.

It's a pleasure and a privilege to be here to deliver what the Board believes is a very exciting opportunity for the company – one entirely complimentary to Rua's existing kaupapa and founding principles.

The opportunity to purchase Zalm is one that will:

- Help build Rua's market position as a trusted and high-quality provider of cannabinoid products by offering finished product for New Zealand and export supply earlier and ahead of our New Zealand-based competitors;
- As a consequence of that accelerated growth path, enable greater opportunity for the cultivators and production that will come from the Tairāwhiti region, and
- In line with Rua's founding principles, strengthen and offer a more sustainable approach to job creation for the people of Te Tairāwhiti, and particularly in Ruatorea.

CEO'S COMMENTARY

Welcome (slide 6)

Tena tātou katoa. greetings one and all. It is with great pleasure that I review with you the proposed Zalm acquisition.

With this purchase, we expect to accelerate the creation of New Zealand's premier medicinal cannabis company. The combination of Rua's unique kaupapa, expertise, product innovation and excellence in cultivation with Zalm's world-leading, scaled and GMP capable international manufacturing capacity, and experienced distribution partners will be powerful.

We expect to get to global markets faster, generate more revenue sooner, in the most cost-effective and capital-efficient way we can find. The stability this will provide, will underpin our ongoing commitment to create value for our shareholders, our community and our patients.

Let's take a more detailed look.

Introduction (slide 7)

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, or Zalm, is a capital light and patient-centric NZ medicinal cannabis company. Zalm has a highly attractive long-term supply agreement with Cann Group, or Cann, which will

become one of Australasia's largest GMP compliant medicinal cannabis plant breeding, cultivation, production, and manufacturing companies.

Strong Strategic Rationale (slides 8 and 9)

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.

How does the purchase of Zalm achieve this?

- **Speed to Market:** significantly earlier access to GMP, export-quality oil products at scale by mid 2022; along with Rua's CBD oil product expected for product launch in 1H22.
- **World Class and Globally Competitive Scale:** Cann are in the final commissioning phase of their indoor grow facility expected to complete in early 2022 with approximately 12,500kg of annual dried flower capacity making it one of the largest in the Southern Hemisphere.
- **Quality Leadership:** Cann's facilities will be GMP compliant utilising the latest indoor growing technologies and science.
- **Economics:** The acquisition of Zalm gives Rua access to significant long-term quantities of GMP compliant products under a long-term supply agreement with Cann at preferential and highly competitive pricing.
- **De-Risks the Business Plan:** The agreement provides Rua with access to global scale manufacturing capacity without the need for capital investment, providing a lower-risk pathway to market. This will enable Rua to focus on directing investment into the development of premium Rua-branded East Coast cultivars and sales and marketing to accelerate our export and New Zealand market strategy.
- **Patient-focused Therapy Awareness Programme:** Ownership of an exclusive patient-focused online Toolbox to support patients through their journey, through exclusive partnerships with Atlantis Healthcare.
- **IP and Knowledge Sharing:** Cann is committed to supporting Rua with trans-Tasman training, collaboration which will help ensure we can develop Tairāwhiti as New Zealand's centre for Cannabis expertise.

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

1. Combining speed to market with long-term preferential access to substantial volumes of competitively priced product should enable the company to build a meaningful market presence faster and with a greater economy of scale than our current capacity or that of any other New Zealand medicinal cannabis company. This should significantly reduce pressure on capital requirements.
2. The transaction complements Rua's existing kaupapa by building Rua's market position earlier and ahead of our competitors.
3. This, in turn, will enable greater commercial opportunity for the world-class cultivation and production that will come from Te Tairāwhiti.
4. In essence, we expect this deal will accelerate our revenue generation, offering further stability to our local operations, enabling the expansion of our local grower partner programme and fostering our long-term aspirations for local job creation.

Summary of the Acquisition Terms (slide 10)

It is proposed that **Rua acquire Zalm for \$10m equity value, or \$8.5m enterprise value net of Zalm cash**, with one third paid upfront and the remaining two thirds in equal instalments upon achievement of critical production and regulatory milestones.

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 equal instalments (\$3.3m) conditional on the achievement of key milestones¹:

- Receiving the 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 required 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 24,420,000¹ 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.

Shareholders should note, there is potential to issue up to 28,735,632 Rua shares under certain conditions, and this is reflected in resolution.

Zalm vendor shareholders will own ~5.7% of Rua on initial completion with the potential to earn up to ~14.7% through the achievement of milestones, ensuring strong alignment for success.

Establishment of the Transition Advisory Board (slide 11)

Rua, Cann and Zalm will form a Transition Advisory Board to ensure the successful 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.

Zalm Business Overview (slide 12)

Why was Zalm of interest to us? There were four key aspects of Zalm's business that interested Rua.

- **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 has developed a patient wellbeing programme developed with Atlantis Healthcare for personalised support to patients and clinicians in the use of Zalm products.

Supply and Cultivation (slides 13 and 14)

Looking specifically at Zalm's supply and cultivation agreements, Zalm has executed:

- Long-term supply agreements with Cann Group at highly competitive pricing terms.
- A long-term technical services agreement with Cann is also held 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.

Rua anticipates that our world-class cultivation team will be able to provide plant genetics and cultivation advice across the group, enabling Cann to grow proprietary varieties at a global scale for supply to Rua for processing.

Established in 2014, Cann Group was the first Australian company to be issued with a medicinal cannabis Research Licence and Cultivation Licence. It listed on ASX in May 2017. Cann's existing

production facilities currently provide ~1,200kg per annum of production capacity for dried flower. Completion of Stage 1a of Cann Group's 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 a total of 70,000kg per annum.

The Zalm supply arrangement provides:

- Long-term preferential access to a percentage of Cann capacity at highly competitive pricing, with Zalm prioritised over other customers.
- 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 terms than other grower partner due to scale and market efficiencies.

Product Range (slide 15)

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.

Patient Management (slide 16)

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

This patient-centric offering differentiates Rua, Zalm, and its products from other medicinal cannabis companies by providing a toolbox that allows:

- Patients to access personalised advice to enable choice;
- Clinicians to prescribe appropriate products; and
- An ongoing tool for monitoring and supporting patients' well-being.

Atlantis Health is a global group of companies with internationally recognised expertise in designing and delivering personalised behaviour change solutions that empower positive health outcomes.

Atlantis Health has developed similar health or patient support platforms globally for Pfizer, AbbVie, GlaxoSmithKline and Merck.

Creating New Zealand's Premiere Medicinal Cannabis Company (slide 17)

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.

Rua will continue to produce premium Rua-branded products from our Cannabis Centre of Excellence at Mangaoporo and our state-of-the-art manufacturing facility in Gisborne. We will continue to develop locally produced oil and flower products serving NZ and global markets - our mahi complemented by that of NZ-wide grower partnerships.

In purchasing Zalm's agreement with Cann, we secure capital-efficient global supply and gain access to their R&D platforms. These products are marketed through Zalm's aZana brand – expanding product range, distribution and ultimately driving revenue.

We underpin this all with a world-class patient support platform.