



Fact Sheet

Cannasouth & Eqalis Proposed Merger
December 2022

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FUTURE OF MEDICINAL CANNABIS IN AOTEAROA

A 50:50 merger between Cannasouth and Eqalis has innovation at its core, intended to deliver better outcomes for patients in New Zealand and globally.

The merger will bring two leading companies together to combine their formidable IP, technology, research and development, innovation, manufacturing, sales and prescribing capabilities to truly improve patient access to cannabis-based medicines.

Currently, the most significant barrier to the widespread uptake of medicinal cannabis is affordability for patients. The creation of the merged company brings diversification without duplication to the industry and is expected to result in a substantial lowering of costs to patients using medicinal cannabis.

The merger will create a more resilient business, building towards diversified income streams, superior margins and a larger company that will likely provide better access to capital and is better positioned to compete globally and attract funding.

Together, Cannasouth and Eqalis will have greater ability to shape the New Zealand industry and reduce costs to patients.

Driving new revenue and value creation for shareholders.



CREATING NEW ZEALAND'S LEADING MEDICINAL CANNABIS COMPANY

- **Diversified product and services portfolio** with a pipeline of future products, which provides alternate revenue streams and reduces risk
- Delivers the **critical mass** required to satisfy the New Zealand market and compete internationally
- **Combines technologies** to deliver more affordable and effective medicines to consumers
- **Accelerates innovation** by combining knowledge and experience from the companies' complementary skill sets
- **Wealth of expert leadership** from both companies bringing their combined industry knowledge to improve health outcomes for Kiwi patients
- A **stronger balance sheet** to leverage growth opportunities



INTRODUCING EQALIS

Established in 2019, Eqalis has proven to be a pioneer in New Zealand's medicinal cannabis industry, building an innovative and collaborative culture to disrupt the sector from the ground up and solve accessibility and affordability pain points for patients.



- **GMP certified manufacturing facility** in Katikati with sophisticated manufacturing and extraction capabilities licensed to produce cannabis-based active ingredients and finished medicines
- **Valuable Intellectual Property (IP)** portfolio protecting an advanced technology pipeline
- Suite of **innovative products and technologies** covering cultivation and extraction designed to reduce costs of production
- Research focused on reducing prescriber uncertainty
- New consumer products and medicine formats
- Leadership team with a **proven track record** of innovation with an ethos of industry disruption
- **Two outdoor grow facilities** for biomass production and new industrial cultivation, harvest processing and extraction technologies, all of which will result in lower cost cannabis-based ingredients

- **Three years of research into cultivation and plant genetics** to lower the cost of growing medicinal cannabis and enable profitable global export
- **RestoreMe**, is an innovative online clinic led by a group of qualified health professionals that was created to unlock patient access to medicinal cannabis products by connecting those in need with qualified and experienced doctors at an affordable price

RestoreMe

www.restoremeclinic.co.nz



KEY MILESTONES



Eqalis Research Ltd formed in January 2019, renamed to Eqalis Pharmaceuticals Ltd	Filed first patent application for innovative drug dispensing and wholesaling technology developed by innovation team	First harvest at Katikati indoor grow facility for research purposes	Medicinal cannabis licence issued for Katikati facility with cultivation and possession to manufacture	First harvest at Bay of Plenty outdoor grow facility of CBD dominant cultivars	Commissioned facility for seed production to support outdoor, industrialised grow facilities	50th successful indoor harvest at Katikati indoor grow facility	Granted GMP certification and licence to manufacture medicines - CBD isolate as API and two oral solutions	Launched cannabis specialist, online prescribing clinic, RestoreMe Clinic Ltd	<ul style="list-style-type: none"> → Launch oral solutions → Export sales of API and oral solutions
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2019	2020	2021	2022	NEXT STEPS					
Medicinal cannabis licence for research purposes issued for Katikati facility	Published and distributed the Eqalis Prescribing Guidelines Booklet, a New Zealand first to upskill the New Zealand medical profession	Developed and launched a four part online educational course for doctors and pharmacists approved by the Royal New Zealand College of GPs and Pharmaceutical Society of New Zealand	First product sales in New Zealand of imported white label products	Filed suite of patent applications for low-cost industrialised extraction technology system	First harvest from Timaru outdoor grow facility	Season 2 harvest at Bay of Plenty outdoor grow facility producing significant volume of dried biomass with high THC content	Application filed for product verification of CBD isolate to be sold as an API	Applications filed for product verification of two CBD oral solutions to be sold as finished products	<ul style="list-style-type: none"> → Expand range of APIs and finished products to include THC containing cannabis-based ingredients and products, including in oral and topical forms → Build and commission industrialised, low-cost extraction facility

INTRODUCING CANNASOUTH

Cannasouth was founded in 2017 with the purpose of creating a vertically integrated biopharmaceutical company with a focus on developing next-generation cannabis medicines to support patients' health outcomes and improve their quality of life.



- **Vertically integrated** biopharmaceutical company. Activities include:
 - Advanced research
 - Cultivation
 - Product development
 - Internal testing capability
 - Sales
- Cannasouth was **New Zealand's first medicinal cannabis company** to list on the New Zealand Stock Exchange (NZX:CBD) in June 2019

- Developed next-generation Controlled Environment Agriculture (CEA) sealed greenhouses and post-harvest facility. The facility allows **year-round cultivation** of premium GACP/GMP compliant cannabis flower at **industry-leading production costs** and with a **lower environmental impact** than indoor operations
 - GACP certified August 2022
 - GMP certification pending

- **Pure New Zealand provenance**, grown in the Waikato region, the agricultural heartland of New Zealand
- Our people are our greatest assets. We have assembled a **world-class team** with over 200 years of combined GMP and pharmaceutical R&D experience
- We are researching medicinal cannabis and drug delivery technology, **optimising product performance, bioavailability, and patient outcomes**



KEY MILESTONES

2019	2020	2021	2022	NEXT STEPS
<p>Established a joint venture, Cannasouth Cultivation Ltd, to grow and process cannabis</p> <p>Commenced construction of a new energy-efficient, scalable, Controlled Environment Agriculture (CEA) commercial cannabis cultivation and processing facility</p>	<p>Purchased a 60% stake in Midwest Pharmaceuticals NZ Ltd</p> <p>Secured funding for research projects from Callaghan Innovation</p> <p>Submitted product assessment applications to the Medicinal Cannabis Agency in November 2020 for three imported Cannasouth own branded medicines</p>	<p>Purchased remaining 50% stake of Cannasouth Cultivation Ltd. This completes the Cannasouth group consolidation, with all subsidiary companies now 100% owned by Cannasouth Ltd (NZX:CBD)</p> <p>First three Cannasouth branded cannabis medicines successfully verified by the Medicinal Cannabis Agency</p>	<p>Purchased remaining 40% stake of Midwest Pharmaceuticals NZ Ltd</p> <p>Commissioned a state-of-the-art cultivation facility</p> <p>Midwest signs three-year manufacturing agreement with cornerstone customer, Harker Herbal Products Ltd, an iconic health and wellness brand in New Zealand, well known for its Deep Lung Support tonic</p> <p>Achieved GACP certification at Cannasouth Cultivation</p> <p>Sales of first medicinal cannabis products in NZ</p>	<p>→ GMP certification of Cannasouth Cultivation</p> <p>→ Export of premium cannabis flower</p> <p>→ Registration of flower products in New Zealand</p> <p>→ Expansion of plant tissue culture programme</p> <p>→ Commercialisation of first products from R&D pipeline</p>

MERITS OF THE MERGER

A true vertical enterprise with revenues from biomass and premium flower production, manufacture of cannabis-based ingredients and cannabis medicines, the merger of Eqlis and Cannasouth brings with it a suite of synergistic benefits including expertise, technology, manufacturing capability, product distribution and licensing.

The combination of complementary attributes of the two existing businesses will speed up the advancement of technology bringing medicines to market faster - resulting in a diversification of income streams and reduced risk for shareholders.

Cannabis medicines produced by the new merged company will range from simple oil-based tinctures to next generation pharmaceuticals, while building revenue streams from services such as the independently operated clinic RestoreMe and royalties from licensing intellectual property.

All of the above will ensure patients have low-cost access to medicinal cannabis and ensure the company can respond to changes in market demand, both locally and internationally.



DIVERSIFIED PRODUCT AND SERVICES PORTFOLIO

Revenues from seed to pharmaceuticals, with independent prescribing and dispensing of medicines. It is a perfect combination of Eqlis' manufacturing capability for API and finished medicines, and Cannasouth's flower, current and NextGen medicines. This will provide greater offering to overseas partners and customers. Provides economy of scale for sales team and greater return on efforts, together with an increased ability to develop market specific offerings. The broader portfolio of products will enable access to multiple markets and different market niches, making it better suited to capture value.

→ We expect a **faster rate of sales growth**.



CRITICAL MASS

The resulting merged organisation will be larger, which will give it the ability to flex to meet market requirements as they change and respond to challenges. Combining two highly experienced, battle-hardened teams, will add significant advantage over competitors by improving problem solving capabilities and resiliency.

→ We expect **faster achievement of milestones and outsized progress**.



COMBINES TECHNOLOGIES

The unique combination of Eqlis' extraction technologies and processes can be combined with Cannasouth's NextGen products to deliver lower cost and more effective medicines to patients.

→ We expect to **maximise the merged company's market share**.



ACCELERATES INNOVATION

The merger will create a world class R&D and innovation team with a wider pool of experience and resources. The team will be more creative problem solvers and faster at taking solutions to market. This will enable the merged company to be a market leader in product development and will be differentiated and disruptive.

→ We expect the merged company to be **more competitive through cost reduction and the industry leader in new products and services**.



WEALTH OF EXPERT LEADERSHIP

The combination of the teams' deep industry knowledge and experience will solidify the merged company's position as a market leader.

→ We expect to guide the future of the domestic and international industry, resulting in an increase in **international customers and future revenue**.

Plant Tissue Culture



CEA Greenhouse and Post-Harvest Cultivation Facility for Premium Flower



Quality Control Testing Services



NextGen Formulations and Drug Delivery Technologies



Pre-Clinical and Clinical Trials Programme



 **cannasouth**



COMPLEMENTARY CAPABILITIES



Cannabis Plant Genetics & Seed Production



Outdoor Industrialised Cultivation for Low Cost Biomass



Agricultural Process and Extraction Technologies



GMP Cannabis-Based Ingredient and Medicine Manufacture




EQALIS

RestoreMe Medicinal Cannabis Prescribing Clinic



DIVERSIFIED PRODUCT AND SERVICES PORTFOLIO

The benefits of the merger to the product and services portfolio go beyond the current planned product range. It is expected that the merged entity will grow and diversify its revenue sources by leveraging the competitive advantages provided by the R&D and innovation team. This will be faster and larger than could be achieved by each company on its own.

In the short term, the merged entity will focus on generating revenues from each company's existing product pipeline, being imported medicinal-cannabis products, the RestoreMe clinic, and the manufacture and sale of active pharmaceutical ingredients and oral-solutions as finished medicines.

The focus in the medium term is moving the company up the value chain by launching a suite of next generation products and moving to monetise the intellectual property rights produced by the R&D team.



PEOPLE

Board



Tony Ho

Tony is an experienced company director having held executive directorships with several ASX listed companies. He has extensive corporate, general management, and governance experience across diverse industries that include horticulture, wholesale/retail, services, biotech, and mining. He was previously a director of Yates New Zealand Limited. Tony is currently the non-executive chairman of Bioxyne Limited (ASX:BXN), Truscreen Group Limited (NZX and ASX:TRU). He was previously the non-executive chairman of Credit Intelligence Limited (ASX:CI1), Hasting Technology Metals Limited (ASX:HAS) and Greenland Minerals Limited (ASX:GGG).

Prior to joining commerce, Tony was a partner of Cox Johnston & Co, Chartered Accountants, which has since merged with Ernst & Young.

Tony holds a Bachelor of Commerce degree from the University of New South Wales, Sydney, and a diploma in Marketing from the University of Technology Sydney. He is a member of Chartered Accountants Australia New Zealand and a fellow of the Australian Institute of Company Directors, Chartered Governance Institute (UK), and Governance Institute of Australia.



Christine Pears

Christine is a Chartered Accountant with a Bachelor of Commerce from The University of Auckland, and is a Member of the Institute of Directors.

She is currently a non-executive director of NZX listed Marlborough Wine Estates Group Limited and Chair of YMCA North. Prior to that she held CEO roles within horticulture, laboratory services, and wine sectors, the latter including viticulture, winemaking, and marketing. She has also held Chief Financial Officer roles within an NZX listed wine company, a successful property group, and several major IT data services companies.



Mark Lucas

Mark is an experienced business manager who designs and implements operational business systems throughout Cannasouth. With strong data system DNA, Mark is a skilled manager who brings a wealth of business knowledge and experience to this role.

Mark's business background spans 25 years. He is an entrepreneur by nature with a passion for business and has been involved in a number of businesses from initial conception through to mature, well-established companies.

Mark's key strengths include management, human resources/ staff, project management, contract negotiation, sales and marketing, financial control, and business strategy.



Greg Misson

Greg is an inventor and entrepreneur with a passion for solving difficult problems. His first enterprise, launched in 1984, developed innovations for the world's rapidly expanding dairy processing industries. In 2003 he was founding director of New Zealand's first large private dairy manufacturing company. Greg has also been involved in airlines, architecture, business consulting and investment. He has a passion for taking organisations from concept to profit through smart thinking.



Mark Scapens

Mark has over 30 years of business experience covering horticulture, retail, wholesale, education and property sectors. He has launched start-ups, bought businesses and sold them. Mark's experience includes 20 years in government funded private education where he operated to high standards of compliance and service delivery.

Mark's core strengths include an ability to envisage a big picture, long range view and an appetite for emerging industries. He loves creating something from nothing as well as breathing life back into businesses.



Hilary Webber

Hilary's expertise covers the areas of strategic and business growth, treasury and financial management, as well as innovation and research and development. Hilary's governance roles include former director of NZ Dairy Group (now Fonterra), AgResearch, Anchor Foods, Mighty River Power (now Mercury) and Westpac Advisory Board. She was the inaugural Chair and co-founder of the Dairy Women's Network which now has over 8000 members.

Formerly a Registered Nurse, Hilary's interest in medicinal cannabis started when she saw the positive impact it had on her husband's terminal cancer. She believes that access and affordability of medicinal cannabis is every person's right.

PEOPLE

Key People



Mark Lucas
Chief Executive Officer

Mark is an experienced business manager who designs and implements operational business systems throughout Cannasouth. With strong data system DNA, Mark is a skilled manager who brings a wealth of business knowledge and experience to this role.

Mark's business background spans 25 years. He is an entrepreneur by nature with a passion for business and has been involved in a number of businesses from initial conception through to mature, well-established companies. Mark's key strengths include management, human resources/staff, project management, contract negotiation, sales and marketing, financial control, and business strategy.



David Gill
Chief Scientific Officer

David's expertise is in product development specialising in drug delivery technologies and process development. His career spans 40 years in pharmaceutical research, product development and R&D management. He has held roles in academia, start-ups,

multinational and specialist pharmaceutical companies and has been directly involved in the development and commercialisation of numerous products in both human and veterinary health for global markets. David has a diploma in Chemistry and a PGDip / MSc in Industrial Pharmaceutical Sciences. He is a Fellow of the Royal Society of Chemistry (FRSC) and a named inventor on several patents.



Colin Foster
Chief Financial Officer,
Company Secretary

Colin is a chartered accountant with a Bachelor of Management Studies and a Post-graduate Diploma in Treasury & Financial Management. He has 33 years of successful accounting and

management experience, including 18 years as a Chief Financial Officer, during which time he was actively involved in strategy development and the establishment of a number of off-shore subsidiaries. Colin has a strong track record in financial modelling, treasury management, information systems management, and developing high-performing finance teams.



Tony Clark
General Manager, Cannasouth Cultivation

Tony has more than 20 years of engineering, manufacturing, and pharmaceutical industry experience, having worked with Pentair Valves & Controls Pacific Pty Ltd and Douglas Manufacturing Ltd.

He is a highly professional senior business leader where previous roles have included General Manager and Operations Manager. Tony has worked extensively in full GMP environments and is a member of NZPICS (Association for Operations and Supply Chain Professionals).



Kate Flynn
Portfolio Manager

Kate is an innovative, results-driven Portfolio Manager with a broad career history driving high-quality projects centered around research, development, commercialisation, and improvement of products

and processes across the Pharmaceutical, Dairy, Food, and Beverage industries.

Her strategic mindset, planning acumen, experience working within highly regulated industries, and ability to motivate and focus teams, enable Kate to deliver strategic objectives to the highest quality.



John Sanders
Chief Commercial Officer

John has more than 20 years of commercial, sales and marketing experience, both globally and in New Zealand, with blue chip pharmaceutical and health supplement companies such as Bayer, Merck,

Wyeth and Roche. The roles have included senior sales, marketing and management leadership positions covering over the counter and prescription medicines in categories such as pain management, skin care, multi-vitamins, allergy, and cough & cold.

PEOPLE

Key People



Greg Misson
Managing Director

Greg is an inventor and entrepreneur with a passion for solving difficult problems. His first enterprise, launched in 1984, developed innovations for the world's rapidly expanding dairy processing industries. In 2003 he was founding director of New Zealand's first large private dairy manufacturing company. Greg has also been involved in airlines, architecture, business consulting and investment. He has a passion for taking organisations from concept to profit through smart thinking.



Tyrone Carlton
General Manager

Tyrone has over a decade of experience in business management in fast-paced industries. He holds a Bachelor of Management Studies from the University of Waikato with a Double Major in Strategic Management and Marketing. His specialist expertise is in business strategy and personnel management. Tyrone drives Eqalis' cultivation team, having overseen the design and build of Eqalis' cultivation sites, and implemented cultivation focused R&D projects. He now manages each cultivation site's performance while overseeing the daily operations at Eqalis' Katikati facility.



David Macaskill
Group Lead: Strategy and Operations

David is a registered Trans-Tasman patent attorney, and barrister and solicitor of the High Court of New Zealand with a Master of Science (Chemistry) and Bachelor of Law. He has 17 years' experience in intellectual property strategy spanning a range of industries, including pharmaceuticals, animal healthcare, medical devices and software, artificial intelligence and machine learning, and agri-tech. Before joining Eqalis as Strategy and Operations lead, David was a partner in New Zealand's largest privately owned intellectual property specialist boutique. His passion is technology development and commercialisation.



Vickie Clarke
Financial Controller

Vickie is a chartered accountant with a Bachelor of Business majoring in accounting and business management. She has a diverse skillset gained through CFO and senior executive roles in the NZ Defence Force, horticulture, manufacturing, healthcare, and construction industries. Prior to working with Eqalis, she held a senior level role with KPMG New Zealand in which she led strategic and operational business planning workshops. These skills have been put to good use at Eqalis, where she has been instrumental in creating the company's financial, HR, legal and administrative systems in addition to her responsibilities for financial planning.



Jake Chew
Innovation Manager

Jake is at the forefront of Eqalis' innovation programme, leading the team on projects ranging from cultivation to extraction processes and equipment, while being a lynch pin in establishment of the company's GMP facility. He has a proven ability to take technology from a concept to commercial reality. He finds happiness in staring into the abyss posed by difficult problems, and finding solutions to the many problems of the challenging medicinal cannabis industry.



Brendon Ogilvy
Chief Executive Officer
of RestoreMe

Brendon is an experienced executive with a background in market research and online businesses. He is the CEO of RestoreMe, having lead the business from concept to market launch. Success for Brendon is about empowering team members to deliver smart, superior service to delight their customers.

RestoreMe



**LEARN MORE AT
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