



20 October 2021

Zelira raises US\$5 million from US fund at 54% premium to accelerate growth initiatives



ZELIRA - ACCELERATING GROWTH INITIATIVES

Key Highlights

-  US\$5 million raised from US-based family office fund comprising:
 - US\$3.5 million placement of Zelira ordinary shares at A\$0.06 per share, a 54% premium to the stock's last closing price
 - 1 unlisted option for every 2 ordinary shares issued, expiring 2 years from the date of issue with an exercise price of A\$0.09 per option
 - US\$1.5 million equity investment into Zelira Dermatology for a 3% shareholding in that company, valuing Zelira Dermatology at US\$50 million
-  Provides sufficient funding for Zelira to accelerate its growth initiatives
-  Fundraising values Zelira and its share of associated entities at A\$122.8 million^{1,2}

Reference:

1. Based on the placement price of Zelira's ordinary shares and the value of Zelira Dermatology at the investment value.

2. Using a US\$ / A\$ exchange rate of 0.73.



Zelira Therapeutics Ltd (ASX:ZLD, OTCQB:ZLDAF), a global leader in the research and development of clinically validated cannabinoid medicines, is pleased to announce that it has raised a total of US\$5 million from Quincy Street Capital LLC (Quincy Street), a US-based family office fund, comprising:

- US\$3.5 million (A\$4.79 million) via a placement of 79,908,676 Zelira fully paid ordinary shares at A\$0.06 per share (**Placement**), a 54% premium to the stock's last closing price
- 1 unlisted option for every 2 ordinary shares issued, expiring 2 years from the date of issue with an exercise price of A\$0.09 per option, with 39,954,338 total unlisted options to be issued
- US\$1.5 million (A\$2.05 million) via an equity investment in Ilera Derm LLC (**Zelira Dermatology**) for a 3% shareholding in that company, valuing Zelira Dermatology at US\$50 million.

Following the fundraising, Quincy Street becoming a substantial shareholder in Zelira with a 6.3% shareholding.

At a Group level, the fundraising values Zelira at A\$122.8 million, being US\$50 million for the listed entity and US\$50 million for Zelira Dermatology, of which Zelira holds a 78% interest post fundraising.

The funds raised will be used to accelerate Zelira's growth initiatives, including:

- Clinical development and ongoing trials in Australia and the US
- Additional licensing for Zelira Rx products and technologies
- Commercialisation of RAF FIVE™ products with a focus on rapid market penetration
- Expansion of Zelira's SprinjeneCBD footprint in the US and emerging global CBD markets.

The placement of 79,908,676 fully paid ordinary shares at an offer price of A\$0.06 per share raises total proceeds of A\$4,794,521, with no fees payable on the Placement. Settlement is expected to occur on 22 October 2021 with the shares and attaching options being issued on or around 29 October 2021. The Placement shares and options will be issued under the Company's existing 15% placement capacity under ASX Listing Rule 7.1, and accordingly will not require shareholder approval.



Reference:

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Zelira Therapeutics Founder & Chairman Osagie Imasogie said:

“We are delighted to welcome US-based Quincy Street onto the register at an exciting time for Zelira. This capital raise, undertaken at a substantial premium to the current trading price, is a strong signal of the fundamental value this sophisticated and experienced investor sees in our scientifically based cannabinoid products that are already in market and coming to market, as well as our growing biopharmaceutical portfolio.

“We have an ambitious product development and sales growth strategy that we are executing on. The funds raised have not only introduced a new US-based fund onto Zelira’s register, but more importantly, provides us with the capital to more aggressively roll out our growth strategy with a target of reaching financial breakeven by the end of next calendar year.

“The valuation at which this raising was undertaken highlights the substantial inherent value of our business relative to market capitalisation. Quincy Street were particularly appreciative of our several shots on goal strategy, that covers both our prescription [Rx] and Over the Counter [OTC] products. We look forward to delivering on the attractive growth opportunities within Zelira.”

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This announcement has been approved and authorised for release by the board of Zelira Therapeutics Limited.



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About Zelira www.zeliratx.com



Zelira Therapeutics Ltd (ASX:ZLD, OTCQB:ZLDAF) is a leading global biopharmaceutical company manufacturing and marketing cannabinoid-based medicines. Zelira owns a portfolio of proprietary revenue generating products and a pipeline of candidates undergoing clinical development that are positioned to access the world's largest and fastest growing markets. The Company is focused on developing and clinically validating branded cannabinoid-based medicines for the treatment of a variety of medical conditions in its Rx business, including insomnia, autism and chronic non-cancer pain.



The Company has two proprietary formulations under the HOPE™ brand that are generating revenues in Australia, Pennsylvania, Louisiana and Washington D.C. with other states in the US expected to follow. Zelira is also generating revenue in Australia from its proprietary and patented Zenivol™ - a leading cannabinoid-based medicine for treatment of chronic insomnia. Zenivol™ has successfully completed the first Phase 1b clinical trial for chronic insomnia where it was found to be a safe and effective treatment. This clinical trial is published in the prestigious journal 'Sleep'. In 2020, Zelira partnered with SprinJene® Natural to develop and commercialise natural and organic oral care products under the SprinjeneCBD brand, as part of Zelira's OTC business. The SprinjeneCBD toothpaste product is the first of several scientifically formulated, hemp-derived, oral care products containing cannabinoids and based on the proprietary and patented technology of Blackseed oil and Zinc.

The Company conducts its work in partnership with world-leading researchers and organizations which since inception includes Curtin University in Perth, Western Australia; the Telethon Kids Institute in Perth; the University of Western Australia, in Perth; St. Vincent's Hospital in Melbourne, Australia; and the Children's Hospital of Philadelphia (CHOP) in the United States.