

FOR PUBLIC RELEASE
NZX Limited
Wellington

Tuesday, 29 August 2023

Rua Bioscience Limited releases annual results

Results in line with expectations and achieves first international sales.

Summary financials

	FY23 \$	FY22 \$
Revenue (from customers)	357,675	24,226
Revenue (incl. fair value gains)	6,532,612	646,098
Profit/(Loss) before tax	(5,958,506)	(7,485,985)

FY23 milestones

- October 2022: Exported first cannabis genetics to Australia.
- February 2023: Signed five-year supply agreement with Motagon targeting Poland and Czechia.
- March 2023: Announced the closure of local GMP manufacturing facility to focus on developing unique genetics and executing export-led strategy.
- April 2023: First Rua-branded medicinal cannabis product launched in Germany with distribution partner Nimbus Health (part of Dr Reddy's Laboratories).
- June 2023: First revenue from sale of products in Germany.

Māori founded, Te Tairāwhiti based Rua Bioscience Limited (NZX: RUA) is a pioneering medicinal cannabis company. In FY22 the company concentrated on preparing for entry into international markets, while in the year to 30 June 2023 Rua started to deliver on their export strategy.

Rua signed supply and distribution agreements targeting growth markets in Australasia, Poland and Czechia; expanded supply partnerships in Australia and Europe; and successfully launched product into Germany, generating their first international sales.

As the only New Zealand-based medicinal cannabis company with an explicit focus on delivering social impact, Rua also extended its commitment to its Impact Programme for residents of Te Tairāwhiti.

Key appointments

The year has seen core changes to the management team and board, as the company moves into the next stage of its expansion.

In August 2022, Chief Executive Officer Rob Mitchell retired and board member Anna Stove was appointed Managing Director. Her remit was to guide the process of sharpening the strategy, right sizing the business, and appointing a new Chief Executive Officer. Paul Naske, who was recruited by the co-founders in 2019, was promoted to CEO in February 2023.

At the board level, Chair Trevor Burt and Director Brett Gamble retired in May and June 2023 respectively. Teresa Ciprian was appointed as a Director on 1 August 2022 bringing an exceptional international background in commercialisation, innovation and business development in the primary sector, and brings strong governance capability. Tony Barclay joined the board in May 2023. He has decades of publicly listed company and healthcare experience, and holds a number of directorships, all in MedTech. Anna Stove was appointed Chair in May 2023, while co-founder Panapa Ehau continues as an Executive Director.

“Together with the board and the rest of the Rua team, we have been identifying where true value lies in the medicinal cannabis industry,” said Ms Stove.

“Since our inception, Rua has had an export-led strategy. To accelerate growth and deliver a positive return to shareholders, over FY23 we continued to hone this strategy and prepare for our next phase of development – all while achieving some notable firsts.”

Financial results

Rua’s loss before tax for the year to 30 June 2023 was \$5.96m (FY22 \$7.49m). The company remains well capitalised, with cash, cash equivalents and investments on hand at the end of the period of \$4.56m (FY22 \$9.94m).

These results are within the expectations of the board, as the company continued to develop international revenue pipelines. This year the company recorded significant non-cash impairments, largely attributable to the impairment of the GMP manufacturing facility and Zalm supply contract.

In the second half of FY23, the company made the decision to close the GMP manufacturing facility in Tairāwhiti and establish a capital light business model. This has resulted in reduced overheads and expenditure.

Revenue was recorded as \$6.53m (FY22 \$0.65m) of which \$5.85m was a non-cash fair value gain as a result of a reduction in the payment liability to ex-Zalm shareholders. Revenue from customers was \$358k (FY22 \$24k).

Rua's strategy

"Rua has a uniquely nimble approach to the medicinal cannabis market," said CEO Paul Naske.

"By outsourcing cultivation and manufacturing, we are operating at pace at both ends of the value chain. We are continuing R&D and genetic discovery in Ruatorea and establishing distribution channels in export markets around the world.

"We're working with our supply partners around the world to build out our portfolio and create products using our internally developed varieties. Rua's supply agreements provide cost-effective access to GMP-quality medicines.

"This is enabling us to deliver scalable value, as we establish a sustainable global company and take our brand to the world."

Germany

In April 2023, Rua successfully launched its first GMP-quality medicine in Germany – becoming one of the first medicinal cannabis companies in New Zealand to introduce a branded product in the market. Germany is the largest and most developed medicinal cannabis market in Europe and projected to be worth around NZ\$700m by the end of this calendar year.¹

"Our entry into the German market, alongside our distribution partner Nimbus Health, was a critical commercial milestone and highlight of the year," said Mr Naske. "The response to the product exceeded our expectations."

With an established path to market and revenue, Rua and Nimbus Health intend to expand the product offering in Germany. In time, Rua will distribute the genetics from their Ruatorea facility through this same channel.

Australia

Rua is now launching into the Australian market. This is the second largest medicinal cannabis market in the world, estimated to be worth over \$240m currently and growing rapidly.² During the second half of FY23 Rua established the pipeline for Rua-branded product to be sold in Australia, with company licences and distribution channels in place.

During August 2023 the company took delivery of its first product and made it available for sale, which begins to establish a strong sales presence and a clear pathway to further revenue in FY24.

Poland and Czechia

“Rua has the bold ambition of becoming a market leader in Germany and the EU,” said Mr Naske. “We have signed a five-year supply agreement with Motagon and aim to be early movers in the emerging markets of Poland and Czechia.

Rua’s immediate focus will be on entering the Polish market with a detailed product dossier submitted to Polish authorities in February 2023. Poland is one of the fastest-growing markets in Europe and by the end of 2023, the Polish medicinal cannabis market is expected to be worth over NZ\$90m.³ With no domestic cultivation, it is a major importer of dried flower.

Social impact

Rua’s Compassionate Access Programme shares the benefits of medicinal cannabis with those in the Te Tairāwhiti community who can most benefit. Managed by local prescribers, the programme ensures up to 30 patients per month in Te Tairāwhiti, who meet specific criteria, have access to fully subsidised medicinal cannabis products.

In addition to the Compassionate Access Programme, Rua has a Scholarship Programme designed to celebrate the aspirations of local rangatahi and help drive meaningful long term social and economic impact in the communities of Tairāwhiti. With the support of Rua Bioscience and Trust Tairāwhiti, 11 students were awarded undergraduate scholarships in FY23.

“At Rua, providing social and economic impacts with programmes like these is woven into the fabric of everything we do,” said Mr Naske.

“We are committed to maximising the potential of the emerging medicinal cannabis industry to enhance health, promote wellbeing, and underpin prosperity for the people of Te Tairāwhiti. As we continue to expand into export markets and build a sustainable business, this will in turn grow value for shareholders and is ultimately going to help us support intergenerational opportunities like these.”

1. Proprietary Management information.
2. Penington Institute Australia, May 2023.
3. Proprietary Management information.

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For more information, please visit www.ruabio.com or contact:

Paul Naske
Chief Executive Officer
+64 (21) 445 154
Paul.naske@ruabio.com