

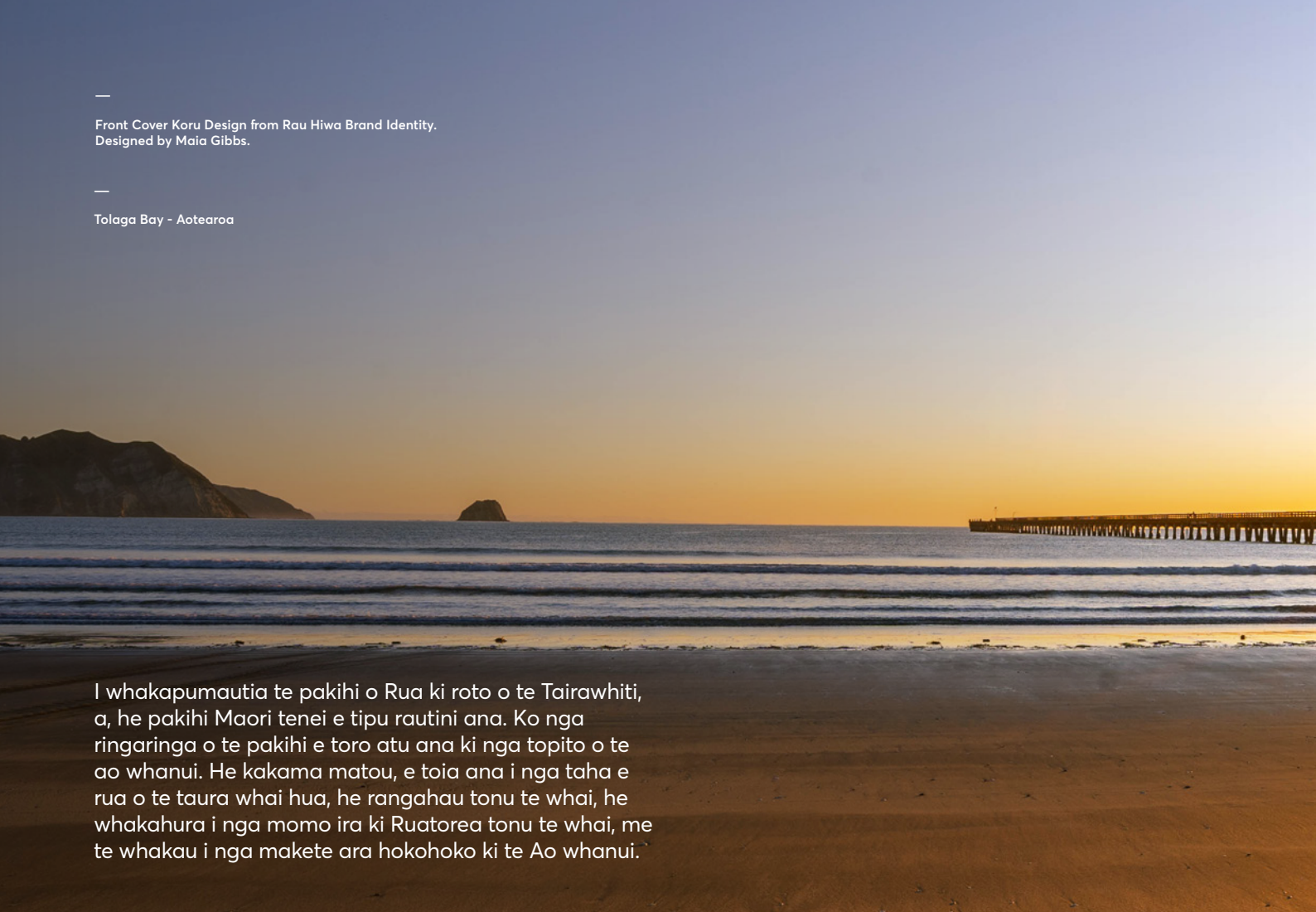
Te Ripoata a Tau

IRUUA

Rua Bioscience
Annual Report 2024

—
Front Cover Koru Design from Rau Hiwa Brand Identity.
Designed by Maia Gibbs.

—
Tolaga Bay - Aotearoa

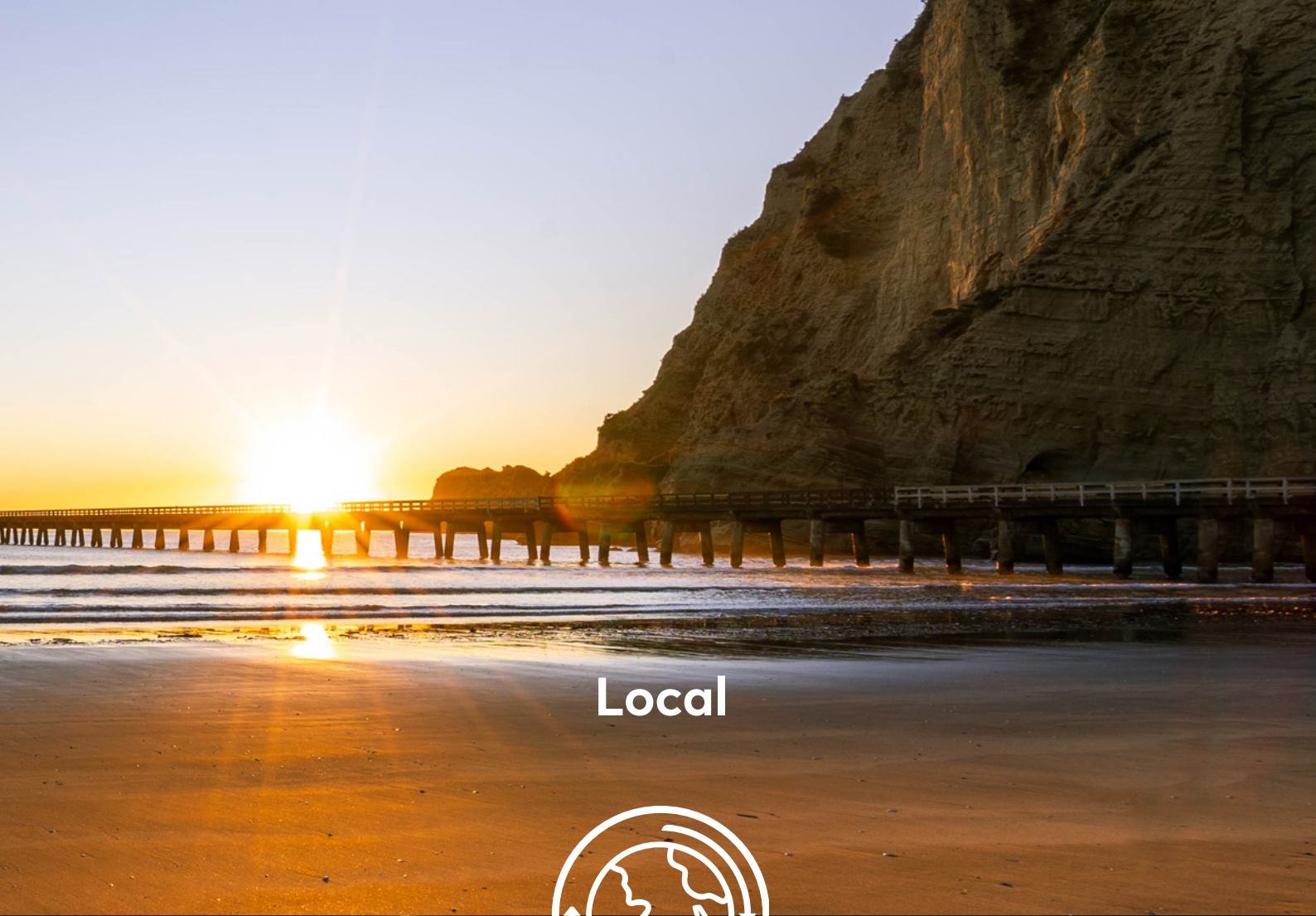


I whakapumautia te pakihi o Rua ki roto o te Tairawhiti, a, he pakihi Maori tenei e tipu rautini ana. Ko nga ringaringa o te pakihi e toro atu ana ki nga topito o te ao whanui. He kakama matou, e toia ana i nga taha e rua o te taura whai hua, he rangahau tonu te whai, he whakahura i nga momo ira ki Ruatorea tonu te whai, me te whakau i nga makete ara hokohoko ki te Ao whanui.

Maori founded, Tairawhiti based Rua Bioscience Limited is a pioneering medicinal cannabis business with global ambitions. We are nimble operators at both ends of the value chain, continuing R&D and genetic discovery in Ruatorea while establishing distribution channels in export markets around the world.



—
Germany



Local



Global

**Nau mai haere mai e nga Iwi
katoa, anei nga korero mo
Rua Bioscience**
Welcome to Rua Bioscience

We are proud to share Rua Bioscience's FY24 Annual Report.

Within this report, we provide a progress update on the key milestones achieved over the past 12 months, outline our financial performance, and highlight the developments within our key global markets and distribution partnerships.

We showcase how we are working towards our goal of achieving sustainable revenue under our differentiated export-led strategy, and the operational changes we have implemented to achieve this.

We'll also provide insight into our local focuses, including our impact programmes and sustainability efforts, highlighting how we continue to prioritise wellbeing in Tairāwhiti.

Rua is committed to reporting openly and honestly on our performance, providing information that is clear and easily understood. If you have any feedback on this Annual Report, please email info@ruabio.com

—
Sunrise over Mangaoporo
Photo credit: Eruera Walker



Nga korero a nga Ringatohu

Directors' statement



The Directors are pleased to present Rua Bioscience Limited's Annual Report and consolidated financial statements for the year ended 30 June 2024.

The Directors are not aware of any circumstances since the end of the year that have significantly affected or may significantly affect the operations of Rua Bioscience. This Annual Report is dated 30 September 2024 and is signed on behalf of the Board by:

Anna Stove
Chair

Tony Barclay
Chair Audit, Finance and Risk

Rarangi korero

Table of contents

6	Directors' statement
8	Achievements at a glance
9	Results at a glance
10	Chair & CEO's report
12	Board of Directors
14	Senior management
15	Our people
16	Who we are
18	Our values
20	Rua's unique growth strategy
23	Financial commentary
24	Global progress
26	Rua's key markets
30	Impact programmes
36	Towards sustainability
38	Financial statements
78	Shareholder information
90	Contact directory

Mawhiti mai ki nga whakatutukitanga

Achievements at a glance



Established short-term revenue pipelines to fill with unique legacy genetics.



Extended the distribution contract with Nimbus Health in Germany for an additional three years and to include many other European countries.



Achieved first revenues in Australia, and developed solid sales and distribution channels for a comprehensive product range.



Signed a distribution agreement with Target Healthcare in the United Kingdom.



Received approval from Ministry of Health NZ for two new products for the New Zealand market.



Secured agreements to undertake cultivation trials in Portugal, to supply the European market.



Signed an offtake agreement with a New Zealand cultivator to export Rua's legacy genetics to Australia.

Subsequent activity



In July 2024, Rua launched new dried flower products for the German and New Zealand markets.

Mawhiti mai ki nga hua nui

Results at a glance



Cash and investments
\$895k



Revenue from customers
\$86k



Total revenue and other income
\$322k



Loss before tax
-\$13.7m



Net assets
\$6.8m

Te ripoata a te Heamana Chair & CEO's Report

To the supporters of this business, those who have held faith in our mission, greetings to you. We continue to progress toward our goals, to benefit our business.



Our values, firmly rooted in the Tairāwhiti community, have continued to drive us forward, and this year we reached a pivotal point in our journey with our medicinal cannabis products now being sold in three high-value growth markets around the world.

In the previous reporting year, we were focused on getting our new competitive commercial model and export-led strategy right. The challenges of the New Zealand regulatory environment had not allowed us to export, which drove our refocus. This year, we have delivered against this new strategy by further developing our genetics, building distribution channels, and securing supplier partnerships in growth markets.

Delivering on our strategy

With our strategy now solely focused on genetics and distribution, we have made good progress in key global markets over the past 12 months, which included key appointments locally and internationally.

Having appointed Paul Naske as Chief Executive Officer in early 2023, the reporting year saw Paul deliver some critical runs on the board, which included getting our team behind our differentiated strategy and into delivery mode.

Reflective of our shift into an expansion phase, in December 2023 we warmly welcomed our first Australian-based employee. He has been focused on growing our presence, establishing distribution channels, and driving sales in the Australian market.

Australia is one of the world's largest medicinal cannabis markets, and Rua was one of the first New Zealand brands to launch there, and market directly to Australian patients. This year, we secured our first revenues in Australia and established strong sales and distribution channels for a wide range of products. We also signed an offtake agreement with a New Zealand cultivator to export our genetics to Australia.

Further afield, our supply and distribution agreements across the United Kingdom and Europe remain core pillars of our operational model, and in the last 12 months we have scaled up our distribution agreements in these markets.

The United Kingdom is an exciting new market for medicinal cannabis. In December, we signed a two-year distribution agreement with Target Healthcare and are looking forward to having a portfolio of products available to this emerging market in the near term.

Looking to Europe, we are proud to have secured cultivation and manufacturing agreement with companies, who we are in the process of establishing cultivation trials in Portugal to supply the European market. We have also continued to make considerable progress in Germany, a market which is firmly establishing itself as the largest in Europe. This expansion has been further fuelled by regulatory changes implemented earlier this year, which reclassified medicinal cannabis, removing its narcotic status and allowing it to be easily prescribed alongside other pharmaceuticals. This year, we were pleased to extend our distribution contract with Nimbus Health in Germany for an additional three years, providing security for our products in this competitive and dynamic market, as well as other European markets.

Locally, we received approval from Medsafe for two new dried flower products for the New Zealand market with one product generating revenue in July 2024.

Our Compassionate Access Programme continues to make a positive impact in the Tairāwhiti community. The programme supplies medicinal cannabis to people facing financial constraints. We are proud to currently supply up to 52 patients every month and aim to increase this number over time with the support of partners. We also offer five dedicated places to palliative care patients in the region.

Financial results

Rua reported a loss before tax for the year to 30 June 2024 of \$13.72m (FY23 \$5.96m). This loss is in line with expectations and is primarily because of one-off impairments to goodwill, suppliers' contracts and other assets, the majority of which was reported at the 31 December 2023 half year report. The loss before these impairments was \$4.50m.

As previously announced, the business has required additional funding to support ongoing operations. We have recently undertaken a targeted capital raise and have secured funds that will allow the business to meet its short-term working capital requirements. These funds will bridge the business to the finalisation of our manufacturing facility sale, allowing Rua to focus on scaling our sales efforts

in key international markets. We appreciate the ongoing commitment of our existing shareholders, who contributed much of these funds.

Outlook

The next 12 months will be one of the most significant periods for the business since Rua's inception. We are entering a new revenue growth phase as we leverage our expertise and partnerships to benefit more patients around the world and deliver value to our shareholders.

As markets in Europe, the United Kingdom and Australia continue to mature and grow, we are well-positioned to scale-up our activity and product portfolio. We have the right strategy, the right genetics, and the right global distribution partners, as well as a team of skilled and passionate individuals to achieve our goals.

Specific focuses for FY25 include:

- Achieve sustainable revenue generation.
- Launch products into new markets, prioritising the United Kingdom (sales expected by the end of 2024).
- Introduce our legacy genetics into new markets, including Germany and Australia.

We look forward to updating the market on progress in due course.

Thank you

We take great pride in our team's hard mahi and commitment to our mission. Their agility and ability to adapt to various organisational changes has been remarkable. We want to recognise and thank each of them for their continued dedication and outstanding contributions.

And lastly, a special thank you to our shareholders. You have shown unwavering support as we have been building a sustainable business for the future. We appreciate the commitment and encouragement you have shown us, and we look forward to delivering results for you over the next 12 months and beyond.

Ahakoā nga piki me nga heke o te wa, e whakapono tonu ana matou ki tenei kaupapa, ki a koutou hoki.

Anna Stove
Chair



Paul Naske
Chief Executive



Te Poari Ringatohu

Board of Directors

Rua Bioscience's Board of Directors are deeply invested in the Rua kaupapa. They possess a wealth of domestic and international business, pharmaceutical and strategic expertise.



Anna Stove
Chair

Heamana

Anna has been a Director of Rua since May 2019, and was elected Board Chair. She also served as the company's Managing Director from August 2022 until March 2023. Anna has a successful 25+ year track record leading and driving transformational change within the pharmaceutical sector. She has held various senior executive roles within NZ, Asia Pacific and Europe, most recently as NZ General Manager for GlaxoSmithKline. Anna has a strong passion for improving the quality of life for all through driving business' strategic growth. Anna is also a Director of Pacific Edge Ltd and Chair of TAB NZ. Her previous governance roles include Chair of Global Women NZ, Director of Medicines NZ, Vice-Chair of Pukekohe Park and Vice Chair of Shooting Star Children's Hospice London, UK.



Panapa Ehau
Executive Director,
Co-Founder

Kaiwhakau / Ringatohu
Ngati Uepohatu, Ngati Porou

Co-founder of Rua Bioscience, Panapa established New Zealand's first tertiary training course for cannabis cultivation via the Eastern Institute of Technology. From Ruatorea, with a degree in management, Panapa is a co-founder of numerous social enterprises and holds governance roles across a wide range of for-profit and charitable organisations. Panapa lives in Te Tairāwhiti and focuses on developing economic opportunities alongside his people. He has been a Director of Rua since its inception in October 2017.



Teresa Ciprian
 Non-Executive Director
 Ringatohu Whakatu Pu

Teresa has an exceptional background in innovation, commercialisation, marketing, and business development in the primary sector. She has significant international business experience, having held a variety of senior roles for Danone based in both North America and France focusing on their domestic and global markets. Teresa has also advised a number of internationally-focused businesses on their growth strategies and brings strong governance capability having served on the Boards of Firstlight Foods Ltd, AgResearch, Prolife Foods, Food Standards Australia and New Zealand, and Zespri. Teresa has a track record of helping develop highly capable leaders, strong brands, accumulation of IP, and seeing organisations flourish through continuous improvement. Teresa joined the Board in August 2022.



Tony Barclay
 Non-Executive Director
 Ringatohu Whakatu Pu

Tony brings over 30 years' experience in business and 22 years of healthcare experience. Tony was CFO at medical device company Fisher & Paykel Healthcare from the time of separation from Fisher & Paykel Appliances in 2001 until retiring from full-time employment in 2018. Prior to Fisher & Paykel Healthcare, Tony worked for Price Waterhouse and Arnott & Biscuits in finance roles. Tony holds a number of Directorships in private companies, all in MedTech. Tony holds a BCom from the University of Otago and is a Chartered Accountant and a member of the New Zealand Institute of Directors and INFINZ. Tony joined the Board in May 2023.



Kale Panoho
 Board Observer
 Kaimatakitaki Poari
 Ngāpuhi

Kale is the managing director of K&J Growth and Rugby Bricks. K&J Growth operates out of US and NZ-based offices, working from Los Angeles and Dunedin. They have built scalable ROI-focused digital marketing campaigns for over 100+ companies globally from TikTok to the New Zealand government. Kale was the 2022 winner of the Matariki Waitā Business & Innovation Award, the winner of the 2023 Matahiko Whiua ki te Ao & Pakihi awards and is the only New Zealand member of the Forbes Agency Council. Kales sponsors multiple programs that are focused on helping more Māori into entrepreneurship.

Nga pou Matua Senior Management

Our Senior Management Team is charged with delivering operational excellence, executing Rua's strategy, and leading Rua's expansion into global medicinal cannabis markets.



Paul Naske
Chief Executive Officer
Kaiwhakahaere Matua

Paul has held a range of leadership positions in business strategy and development, including roles as General Manager of Corson Grain and as a Business Unit Manager at Fletcher Building. Paul has been overseeing Rua's topline business operations since the beginning of 2019 and has been vital to the design and efficient execution of Rua's global strategy. His knowledge of the commercial environment ensures Rua's alignment with the business needs of our global clients. Paul was promoted to the role of Chief Executive Officer in February 2023.



Liam Walker
Virtual Chief
Financial Officer

Apiha Kaiwhakahaere Putea
Mai Tawhiti

Liam is a BDO Partner based in Auckland. He joined BDO in 2007. Liam provides proactive financial advice to a wide range of clients in the healthcare, construction, freight and logistics industries. He delivers a blend of commercial, financial and strategic knowledge to identify a business' impediments, and solutions to help them grow. A strong believer in innovation, he aims to help clients spend more time on their business, rather than in it. Liam plays an active role as vCFO with a number of his clients, including Rua.



Emma McIldowie
Quality and
Corporate Affairs

Kaiwhakahaere Kounga Me Nga
Take Rangatopu

Emma has been with Rua since October 2019 and was instrumental in establishing the GMP standards and agreements necessary for Rua to operate. Emma holds a Masters of Science (MSc) in Forensic Chemistry from the University of Strathclyde, Scotland as well as a Bachelor of Science (BSc) majoring in Medicinal Chemistry from the University of Auckland. Emma came to Rua from ESR where she was part of the Forensic Drug Chemistry Team.



Te tira o Rua Our people

We're a unique collective of dual forces: science and nature, land and people, commerce and community, modern innovation and ancestral wisdom. These connections bring balance and integrity to our business and our team.

Our vision, to create cannabis-derived medicines that change people's lives, connects us and this is what Rua's team strive for every day.



Te pakihi o Rua Who we are

Rua is a pioneering medicinal cannabis business with global ambitions. Maori-founded in Ruatorea, we provide medicinal cannabis products for local and export markets. We remain focused on creating intergenerational social impact in Te Tairāwhiti.

Pete Sollitt - Ngāti Porou
Grower Technician



Our purpose

To deliver cannabis-based medicines that change people's lives.

How we will achieve our purpose

Develop a financially sustainable business that inspires the next generation, establishes high value career pathways, and provides cannabis-based medicines for our community.



Nga uara Our values

Since our earliest days, Rua has held true to our four key values. These values define who we are and underpin everything we do as a successful, sustainable and trusted partner.

Ponotanga

We respect diversity. We have integrity in all relationships.

Oranga

We work for healthy whanau and healthy whenua. We prioritise the wellbeing of our customers, staff, family and the wider industry.

Mauitanga

We do "business as unusual". We celebrate learning and curiosity, innovation and courage. We have hope for the future.

Whakawhanaungatanga

We collaborate for success.



Kevin Pewhairangi
Pharmacist

Te rautaki whakatupu ahurea o Rua Rua's unique growth strategy

Rua is doing medicinal cannabis differently.

With the right differentiated, capital-light strategy now in place, Rua is focused on delivery and working towards building a sustainable business in the global medicinal cannabis industry, that is resilient and can deliver into the future – both for shareholders and for the people of Tairāwhiti.

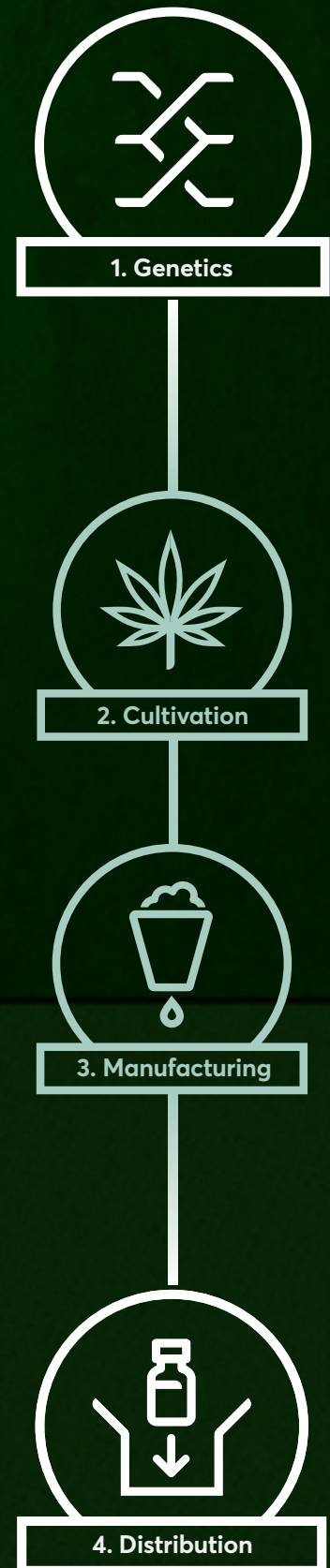
Rua's high-value, low-cost model is strategic, scalable and sustainable. In the past year, Rua removed all the capital-intensive aspects of the business and now outsources all cultivation and manufacturing to trusted, best-in-class partners closer to key markets. This means the business can scale without requiring significant capital.

Rua has supply and distribution agreements Australia, Europe and the United Kingdom, which are core pillars of its operational model. Rua is the only medicinal cannabis business in New Zealand with distribution agreements at this scale in these key growth markets.

IRUA
BIOSCIENCE

Through strategic partnerships with cultivation and manufacturing industry leaders, Rua outsources the capital-intensive parts of its value chain.

Unique genetics
selected at Ruatorea



Germany | Australia
Aotearoa New Zealand
UK | Poland | Czechia



Sourced under New Zealand's unique regulatory framework, which permits the inclusion of legacy genetics in the medicinal cannabis sector, Rau Hiwa T23 pays homage to the safekeepers of distinctive cannabis genetics in our community and Aotearoa, New Zealand.



Nga korero mo nga putea

FY24 financial commentary

In FY24 Rua has focused on the delivery of our differentiated strategy – anchored in genetics and distribution – to prepare the business for the next phase of growth and sustainable revenue generation.

Income

Revenue was recorded as \$0.32m (FY23 \$6.53m). FY23 revenue was significantly higher due to a \$5.85m non-cash fair value gain as a result of a reduction in the payment liability to ex-Zalm shareholders. Revenue from customers was \$86k (FY23 \$358k). This reduction is a result of lack of sales in Germany for FY23 following the partial recall of product due to poor quality from suppliers, which has now been addressed.

Loss for the year

Rua's loss before tax for the year to 30 June 2024 was \$13.72m (FY23 \$5.96m). This loss is in line with expectations and is primarily because of one-off impairments to goodwill, supplier contracts and other assets, the majority of which was reported at the 31 December 2023 half-year report. This is non-cash in nature and does not affect the groups cash flows or operational liquidity. The loss before these impairments was \$4.50m.

Balance sheet

At the end of FY24, the business has cash, cash equivalents and investments of \$0.9m (FY23 \$4.56m). Rua's total assets were \$7.7m, with total liabilities of \$0.97m, resulting in net assets of \$6.77m. During the year, Rua recorded total impairments of \$9.23m.

Post balance date, key Rua shareholders provided equity funds of \$0.15m to assist the business with working capital purchases until proceeds from the sale of the Gisborne manufacturing facility for \$1.3m are received.

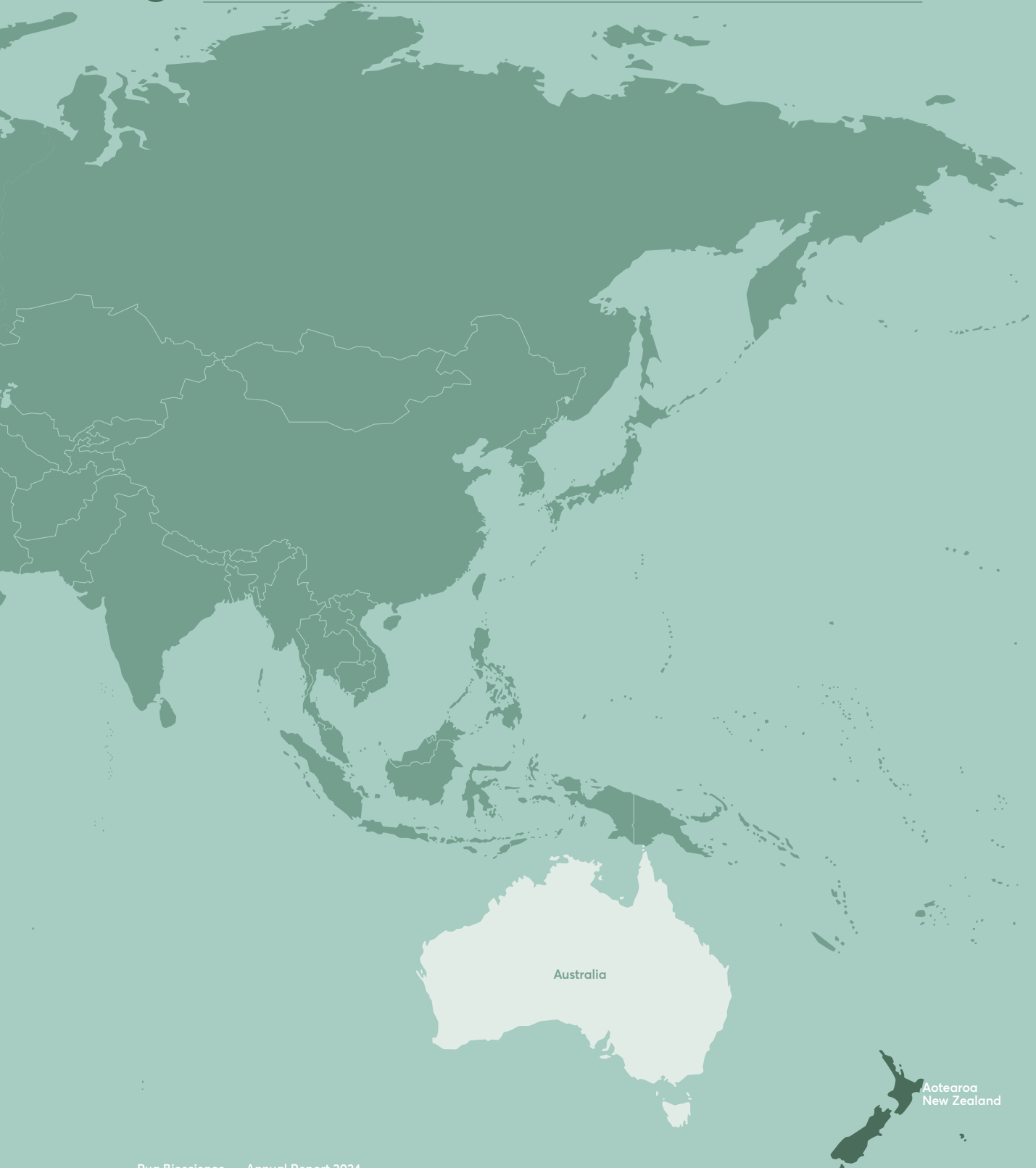
Kokiri ki te ao

Global progress



From the outset, Rua has understood we must go global to support local. FY24 saw Rua advancing its genetics, expand distribution channels, and secure key supplier partnerships in growth markets. These critical milestones have built a strong foundation to achieve sustainable revenue in FY25 and beyond.

	United Kingdom	Signed distribution agreement with Target Healthcare.
	Germany	Expansion of agreement with Nimbus Health.
	Poland	Continuing to explore opportunities in market.
	Czechia	Retained exclusive agreement with Motagon.
	Australia	Expansion of distribution channels.
	Aotearoa New Zealand	Two new products approved.



Nga makete

Rua's key markets

Australia

Australia is one of the world's largest medicinal cannabis markets, estimated to be worth around \$450 million, with over 300 prescribers. Australia imported over 42 tonnes of medicinal cannabis in 2023, a 69% increase compared to the previous year. Its regulatory environment makes it one of the fastest growing and competitive markets in the world.

Rua was one of the first New Zealand brands to launch in Australia, and market directly to patients and prescribers. The business believes this provides a competitive edge in the market capitalising on New Zealand's strong horticultural heritage and high-quality products. This will be a key focus of sales and marketing initiatives to firmly establish Rua products in Australia in the years ahead.

Within the reporting year, Rua made significant progress in the Australian market. John Sanders was employed as Rua's first Australian-based employee as Chief of Sales and Marketing, the business secured its first revenues in Australia and established strong sales and distribution channels for a wide range of products. Rua also signed an offtake agreement with a New Zealand cultivator to export its genetics to Australia.

Rua products are now established in four distributors, and the business expects to bring new products to the market using New Zealand legacy genetics in the latter part of 2024. This will be the first market where the business establishes itself for distribution of products using Rua sourced genetics, aligning with its strategic priorities.

Beyond this, Rua commenced proceedings in the Supreme Court of Victoria in February 2024 against Cann Group in respect of a claim by Rua that Cann breached an exclusive supply term provided for in the supply contract.

Sydney Harbour



Brandenburg Gate in Berlin, Germany



Germany

Germany remains the largest medicinal cannabis market in Europe, growing to approximately \$550m over the last calendar year.

This growth has been accelerated by significant regulatory changes implemented in April 2024, which reclassified medicinal cannabis, removing its narcotic status and allowing it to be easily prescribed alongside other pharmaceuticals.

Following Rua's launch in Germany last year, the business experienced strong sales of its branded product, and the market response was positive. Unfortunately, subsequent batches could not be supplied because of a pharmacy level partial recall.

Rua has since worked alongside another supplier, AlphaFarma, to establish a new product range for the German market. This new product was launched in July 2024 and initial sales are strong.

This year, Rua was also pleased to extend its distribution contract with Nimbus Health in Germany for an additional three years, providing security for Rua products in this competitive and dynamic market, as well as other European markets.

To fulfill the other end of its business strategy, Rua now looks forward to introducing its legacy genetics into the German market in FY25.

The Elizabeth Tower, also known as Big Ben, in central London

United Kingdom

The United Kingdom is an exciting new market for Rua to establish itself and is widely considered to be an emerging growth market for medicinal cannabis. This growth, like in other markets, has been driven by increasing awareness and acceptance of medicinal cannabis, leading to an increased number of prescriptions particularly for chronic pain and mental health conditions.

In December 2023, Rua signed a two-year agreement with Target Health, a pharmaceutical distribution company specialising in unlicensed medicines.

The business expects to launch a product portfolio into the United Kingdom in the latter part of 2024.

Czechia and Poland

Rua has retained its exclusive distribution agreement with Motagon for Czechia and Poland, where the markets remain strong and like others in Europe, are growing.

Following the submission of Rua's first product dossier to Polish authorities in March 2023, the regulator has sought clarification on some matters, and it is likely Rua will be required to submit an updated dossier.

While Rua continues work to progress its products in these markets, and they remain part of its long-term strategy, the German and United Kingdom markets are the business's focus for the upcoming financial year.





Aotearoa New Zealand

While the priority markets for Rua’s export-led strategy are overseas due to their high-growth potential, the business has continued to introduce new products into the New Zealand market.

This year, Rua received approval from Medsafe for two new dried flower products, and in July 2024 the first of these products was sold. These two products will be sold throughout FY25.

The New Zealand market continues to grow, and it was pleasing to see the recent changes to regulation, which will make it easier for medicinal cannabis products to move in and out of the country. This change is great news for the local industry and will provide additional opportunities for Rua to explore, aligned with its strategy.

Rua’s Compassionate Access Programme in Tairāwhiti continues to serve its local community, and up to 52 patients every month are currently supplied with medicinal cannabis. More information on this programme can be found on page 34.

Nga hotaka whakaawe

Impact programmes

—



This year, we are proud to have expanded our social impact programmes, reaching more people across Tairawhiti with a special focus on supporting rangatahi - the next generation.

As Rua prospers, our community benefits as well. With our products now available in international markets—and more to come—we are enhancing value for our shareholders while also deepening our commitment to making a lasting difference through these initiatives.

Paul Naske
Chief Executive

—
Photo credit: Josie McClutchie



Impact areas

Target

Environmental

Identify ways to mitigate our emissions, with a particular focus on travel emissions.

Set emissions reduction targets and work towards achieving them.

Complete our third annual GHG emissions report.

Continue to improve the quality of data captured for GHG emissions reporting while simplifying data collection.

Investigation into renewable energy utilisation.

Social

Continue providing scholarships and further education and training opportunities to local rangatahi, aligned with Rua kaupapa.

Expand Rua's Compassionate Access Programme, which provides fully subsidised medicinal cannabis products to those in Te Tairawhiti who are most in need.

Monitor worker health and wellbeing, and support staff in managing their health and wellness.

Continue to contribute to cannabis law and regulations reform.

Continue developing opportunities for NZ cannabis genetics to enter international research and development pathways.

Governance

Conduct an annual review of the Board to ensure alignment of capabilities with the skills matrix.

Further strengthen the Board's approach to ethical governance and set objectives for diversity in the management team and Board.

Continue commitment to Aspiring Maori Directors Development Programme.

E tautoko, e whakaawe ana i nga taurira

Supporting and inspiring students

Scholarships

Nurturing Health, Empowering Communities

The Rua Bioscience Scholarship Programme is a grass roots initiative dedicated to advancing health and environmental sciences while enhancing economic development community capability, and skill diversity in Tairawhiti.

The purpose of this programme is to invest in education for young people to inspire hope and ambition, empower personal growth, and encourage the return of talent to Tairawhiti.

Since its inception in 2020, in collaboration with Trust Tairawhiti and other external partners, we have awarded \$64,250 to 39 students, supporting them to pursue higher education.

Nga toa whiwhi karahipi o te tau 2023 Rua Bioscience Scholarship Recipients

Orlando Bonica, Ngata Memorial College – Studying Digital Creativity through the Digital Media School.

Tomairangi Haua-Huhu, Tolaga Bay Area School – pursuing Criminology at AUT.

Reagan Habib-Mitchell, Tolaga Bay Area School – studying Politics and Education at Victoria University. Reagan's Rua Bioscience Scholarship was matched through our partnership with Victoria University via the Taihonoa programme.

Lucky Goel, Gisborne Boys High School – studying Surveying at Otago University.

Sam Flynn Koll-Haertel, Gisborne Boys High School – pursuing a Bachelor of Horticulture Science at Massey University.

Silke McNaught, Gisborne Girls High School – beginning Law studies at Canterbury University.

Issy Allen, Gisborne Girls High School – studying for a Bachelor of Land and Property Management at Lincoln University.

Wayan Parfit, Lytton High – pursuing a Bachelor of Business at Waikato University.

Dannielle van Aswegen, Campion College – Chiropractic Studies.

Eve Hampton, Campion College – studying for a Bachelor of Biomedical Sciences at Victoria University.

Te Arika Beach – moving into Civil Infrastructure studies via Connexis.

Raiha Brooking – studying Toi Maori at Toihoukura.

In calendar year 2023, we secured support from three external partners and aim to expand this network further in the coming year.

Total investment made through 2023 scholarships: \$16,250



Orlando Bonica of Ngata Memorial College.

External Industry Exposure

Broadening Horizons for Tairawhiti Secondary School Students

The External Industry Exposure Programme supported by Trust Tairawhiti provides Tairawhiti secondary students with exposure to the health and environmental science industries. Through first-hand interactions with scientists and collaborations with universities, our programme aims to spark interest, encourage career aspirations, and inspire students to return to Tairawhiti equipped with new expertise.

In 2024, Rua supported ten students from Ngata Memorial College on a trip to Te Whanganui-a-Tara (Wellington) to visit industry partners and Victoria University. Principal Peter Heron said the trip aimed to inspire students to pursue higher education and to see the opportunities available beyond Tairawhiti. For many of the students, this was their first trip outside Tairawhiti, and the trip provided them with valuable exposure to tertiary education.

The trip connected students with expat Ngati Porou members—MP Cushla Tangaere Manuel from Rangitukia, Mero Rokx from Tokomaru Bay, kaimahi at Te Papa, Cecilia Tuiomanufili from Whangaparaoa at Victoria University—allowing them to build whanau networks and realise the variety of pathways open to them. Our hosts also offered advice and information on courses and scholarships. The students returned home with a newfound understanding that Wellington, science, and University are possibilities within their grasp.

A second trip is currently being planned for another kura in Tairawhiti.



Internal Industry Exposure

Fostering Connection, Inspiring Futures

Rua's Internal Industry Exposure Programme provides Tairawhiti students, community members, and stakeholders with internal industry exposure. By providing guided tours, information sessions, and insights into our industry, we aim to inspire participants to explore the career pathways available within Rua Bioscience.

Since 2021, we have welcomed over 60 students and 120 community members to our facility, offering them a glimpse into the latest technical and scientific innovations in their region and showcasing the career opportunities available in Tairawhiti. In 2024, we guided two groups through our Mangaoporo Genetics Centre and plan to host two more groups before the end of 2024.



Internship

Cultivating Knowledge, Fostering Growth

The internship Programme supported by Rua alongside Trust Tairawhiti is central to our commitment to develop Tairawhiti community members. In June 2024, we welcomed Casey Kaiwai from Ruatorea as an intern at our Mangaoporo facility. Casey quickly proved himself as a key member of the team, taking on significant challenges and demonstrating a strong commitment to learning. As part of this internship, Casey 'learned by doing'. He participated in all tasks within the facility, taking every opportunity for growth that presented itself with particular interest in seed propagation and plant health. Casey reports that the internship had a positive impact on him and his whanau. His progress and enthusiasm over the term of the internship illustrates the success of our Internship Programme in nurturing and developing local talent. Casey's internship concluded in August.

In September we welcomed our second intern to the facility, Mahuta Morice also of Ruatorea. We are very early into this second internship, but Mahuta has shown great enthusiasm, which will be harnessed and fostered by the team at Rua. His internship will end in February 2025.



He Putanga Aroha

Compassionate Access Programme

Closing Equity Gaps, Transforming Lives

Rua's Compassionate Access Programme is focused on closing equity gaps and transforming lives by offering accessible medicinal cannabis options to individuals in Tairāwhiti facing financial challenges. This initiative reflects our commitment to healing and equality, striving to eliminate health disparities and create a more inclusive and compassionate healthcare environment.

Since May 2022, Rua has supported 30 patients each month who would otherwise be unable to afford medicinal cannabis prescriptions. This year, with the generous support of Trust Tairāwhiti, an anonymous donor, and our supply partner's AlphaFarma and Schroll, we are proud to have expanded the programme's capacity to support up to 52 patients (as at September 2024).

This year, we have introduced designated places in the programme for patients receiving palliative care, ensuring that we can extend our support to the most vulnerable members of our community. Our goal is to support 300 patients per month, and we are determined to achieve this while continuing to advocate for accessible and equitable healthcare for everyone.

Impact in action

People Profile – Karanga Te Ataahaea Marsh

Karanga Te Ataahaea Marsh, a 29-year-old from Uawa (Tolaga Bay), has faced a long journey living with drug-resistant epilepsy, a challenging condition that doesn't respond to typical medications. Diagnosed at 17, Karanga has navigated a challenging journey.

Alongside his battle with seizures, he's also had to cope with anxiety and depression. Over the past two years, he has found some relief through cannabidiol (CBD) oil, which has helped him manage these symptoms where other treatments have failed.

When Karanga discovered Rua's Compassionate Access Programme, he quickly applied through his GP and joined other patients in Tairāwhiti who are benefiting from this transformative programme.

For Karanga, this programme isn't just about managing a condition—it has changed his life. He hopes that more people can access medicinal cannabis to experience the same benefits.

Our ultimate goal is to support 300 patients per month, and we are determined to achieve this as we continue to advocate for accessible and equitable healthcare for all.



Karanga Te Ataahaea Marsh
Compassionate Access Recipient

Whai hua mo apopo

Towards sustainability

As a business with a deep sense of kaitiakitanga, we believe Rua has a responsibility to protect and nurture the environment, and share the benefits of a successful business with our community.

We have developed a bespoke Rua Sustainability Framework that aligns with the United Nations Global Compact Sustainable Development Goals. It underpins our dedication to being an ethical and sustainable medicinal cannabis business.

This Framework informs business strategy, shapes how we engage with stakeholders, supports sustainable decision-making processes and creates value.

In FY22 we undertook our first comprehensive carbon audit, to set a base year from which to benchmark our greenhouse gas (GHG) emissions year on year.

In FY24, our third year of GHG measuring and reporting, we have further improved our reporting by the addition of measured GHG emissions from Purchased Goods and Services. Whilst our total reported emissions have increased from FY23, our year on year emissions have reduced.

This is another important step for us in our journey to become a genuinely sustainable business.

Te ripoata GHG o Rua mo FY24

Rua's FY24 GHG report

GHG emissions are a key contributor to climate change. The New Zealand Government has set a 2050 target of net zero emissions of all GHGs other than biogenic methane.

The first step in taking impactful climate action is to understand the amount and type of GHG emissions a business generates. Informed decisions can then be made to implement effective reductions.

For this purpose, we measured our emissions inventory for FY24, and have committed to managing and reducing our GHGs.

Scope ①

Direct GHG emissions from sources owned or controlled by Rua, or emissions released into the atmosphere as the direct result of the business's activities.

Scope ②

Indirect GHG emissions from the generation of purchased electricity, heat and steam.

Scope ③

Indirect GHG emissions that occur as a consequence of Rua's activities but from sources not owned or controlled by the business, such as air travel. This year, Scope 3 emissions include Purchased Goods and Services.

Scope ① and ② emissions reduced by 40%

Rua's core emissions have reduced 40% year on year which is a result of a conscious decision to reduce our manufacturing footprint in New Zealand. This has resulted in continued reductions in fuel and electricity consumption.

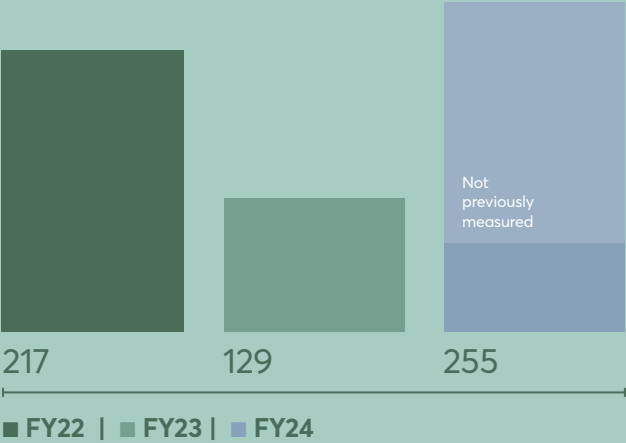
Additional Scope ③ emissions measured

Rua continues to expand its operations and business internationally and this is the main reason for the significant contribution of Scope 3 emissions to our business.

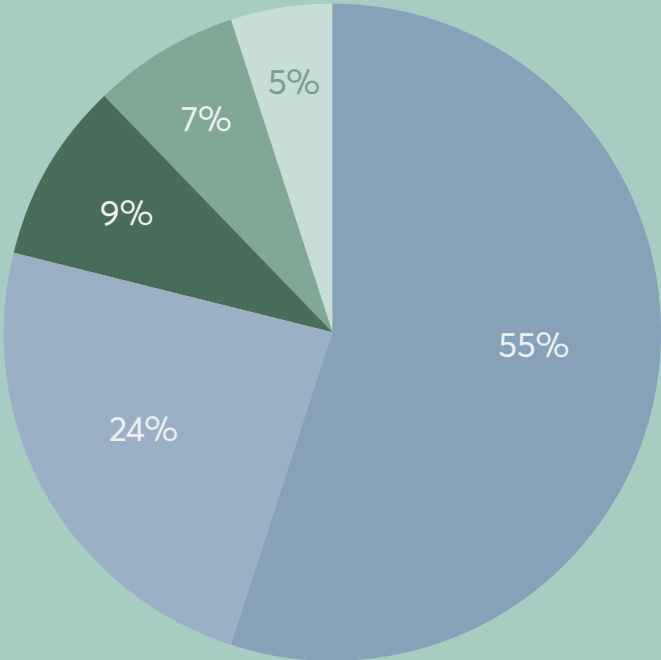
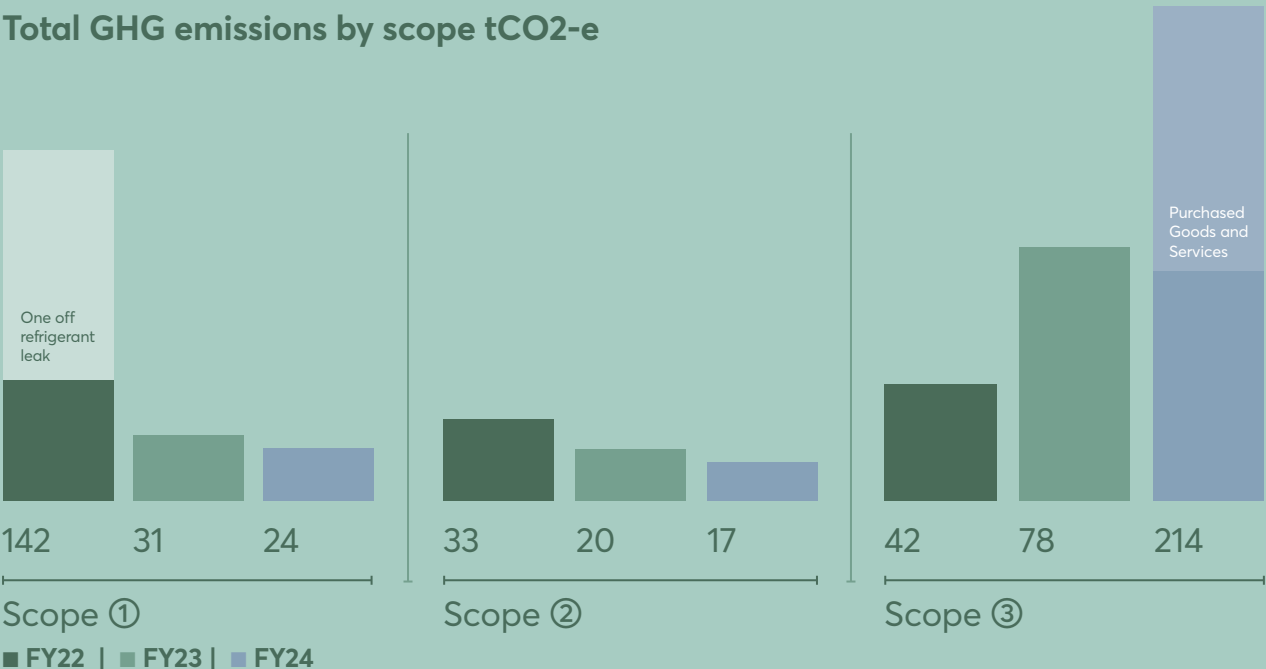
FY24 is the first year we have measured Purchased Goods and Services.

During FY25 Rua will set targets for reduction and consider some innovative ideas to help us achieve this.

Total GHG emissions tCO2-e



Total GHG emissions by scope tCO2-e



GHG emissions by source (%) FY24

- 55% Purchased Goods and Services
- 24% Business Travel
- 9% Fleet Fuels - Diesel
- 7% Electricity
- 5% Other

Nga ripoata putea

Financial statements



Rarangi purongo putea

Index to the consolidated financial statements

40	Independent Auditor's Report
42	Consolidated Statement of Profit or Loss and Other Comprehensive Income
43	Consolidated Statement of Changes in Equity
44	Consolidated Statement of Financial Position
45	Consolidated Statement of Cash Flows
46	Notes Forming Part of the Consolidated Financial Statements

OTHER INFORMATION

78	Shareholder Information
90	Contact Directory



Independent auditor's report

To the shareholders of Rua Bioscience Limited

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Rua Bioscience Limited (the Company), including its subsidiaries (the Group) which comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for disclaimer of opinion

As described in Note 2(f) to the consolidated financial statements, the Group has incurred a net less of \$13.7m and had net operating cash outflows of \$3.7m for the year ended 30 June 2024. The Board and management have prepared cash flow forecasts for the next 12 months. These forecasts indicate that without an additional capital raise, the Group will not have sufficient cash to meet its minimum expenditure commitments and support its current level of activity for at least a 12 month period from the date the financial statements are authorised. Note 2(f) describes the assumptions made by the Group, including planned revenue growth, receipt of proceeds from the disposal of assets, and future capital raising initiatives.

In addition, the Group has reported goodwill of \$2.2m, property, plant and equipment (PPE) of \$2.5m and right of use assets (RoU) of \$0.1m (collectively the "assets"). In assessing the recoverable value of the assets, the Directors have prepared a discounted cash flow model on a value in use basis. The cash flow forecasts used in the model involve subjective estimates about future business performance, including key assumptions relating to expected future revenues and margins. The model is underpinned by the assumption that the business has access to sufficient cash to fund the business growth. In performing the impairment assessment, the Directors recognised an impairment expense of \$8.25m against the goodwill balance, \$0.3m against other intangible assets, and \$0.2m against PPE. In addition, assets held for sale have been impaired by \$0.5m.

Due to the level of uncertainty associated with forecasting the Group's future cash flows, the Group's challenges in securing sales in recent years, and the absence of adequate committed capital to deliver the forecast, we were unable to obtain sufficient appropriate audit evidence to enable us to form an opinion as to whether the going concern assumption is appropriate. In addition, we were unable to obtain sufficient appropriate audit evidence to support the assumptions made by the Directors on the impairment recognised and the carrying values of the assets. As a result, we were unable to determine whether any adjustments might have been necessary to the value of the Group's assets, as recorded in the consolidated statement of financial position, the impairment charge and loss after tax in the consolidated statement of profit or loss and other comprehensive income, and the related movements in the consolidated statement of changes in equity.



Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs) and issue an auditor's report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Matthew White.

For and on behalf of:

Chartered Accountants
30 September 2024

Hamilton

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	5	85,837	357,675
Other income	6	235,841	323,905
Net fair value gains/(losses)	4	-	5,851,032
Total revenue and other income		321,678	6,532,612
Changes in inventories of finished goods	7	(204,143)	(339,551)
Research and development costs	7	(1,176,153)	(1,587,704)
Impairment of intangible assets	14	(8,533,342)	(4,726,907)
Impairment of property, plant and equipment	12	(153,623)	(841,811)
Impairment of assets held for sale	24	(527,010)	-
Other expenses	7	(3,554,710)	(5,178,195)
Total expenses before operating loss		(14,148,981)	(12,674,168)
Operating loss before net financing income		(13,827,303)	(6,141,556)
Interest income		125,423	202,129
Interest expense - leases		(16,874)	(19,079)
Net finance income		108,549	183,050
Loss before tax		(13,718,754)	(5,958,506)
Income tax (expense)/credit	8	-	(774)
Loss after tax		(13,718,754)	(5,959,280)
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Exchange gains arising on translation of foreign operations		(6,334)	38
Other comprehensive income for the year, net of tax		(6,334)	38
Total comprehensive loss for the year attributable to shareholders		(13,725,088)	(5,959,242)
Earnings per share attributable to the ordinary equity holders of the Company			
Loss from operations			
Basic (\$)	10	(0.09)	(0.04)
Diluted (\$)	10	(0.09)	(0.04)

The above statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Share capital \$	Foreign currency translation reserve \$	Share option reserve \$	Accumulated losses \$	Total equity \$
Opening balance at 1 July 2022		41,891,677	-	141,686	(17,835,272)	24,198,091
Total comprehensive loss for the year						
- Loss for the year		-	-	-	(5,959,280)	(5,959,280)
- Other comprehensive income		-	38	-	-	38
Total comprehensive loss for the year		-	38	-	(5,959,280)	(5,959,242)
Transactions with owners						
- Issue of share capital	20	1,790,800	-	-	-	1,790,800
- Employee share options expense	23	-	-	90,616	-	90,616
- Share options vested and exercised	23	20,240	-	(20,240)	-	-
Total transactions with owners		1,811,040	-	70,376	-	1,881,416
Balance at 30 June 2023		43,702,717	38	212,062	(23,794,552)	20,120,265
Opening balance at 1 July 2023		43,702,717	38	212,062	(23,794,552)	20,120,265
Total comprehensive loss for the year						
- Loss for the year		-	-	-	(13,718,754)	(13,718,754)
- Other comprehensive income		-	(6,334)	-	-	(6,334)
Total comprehensive loss for the year		-	(6,334)	-	(13,718,754)	(13,725,088)
Transactions with owners						
- Issue of share capital		-	-	-	-	-
- Employee share options expense	23	-	-	371,481	-	371,481
- Share options vested and exercised	20, 23	250,219	-	(250,219)	-	-
Total transactions with owners		250,219	-	121,262	-	371,481
Balance at 30 June 2024		43,952,936	(6,296)	333,324	(37,513,306)	6,766,658

The above statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position


As at 30 June 2024

	Note	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	4	895,131	2,529,338
Trade and other receivables	16	276,608	862,991
Prepayments	17	487,907	163,361
Investments	4	-	2,032,055
Inventory	11	277,534	14,319
Assets in disposal groups held for sale	24	879,781	-
Total current assets		2,816,961	5,602,064
Non-current assets			
Property, plant and equipment	12	2,517,699	4,438,681
Goodwill	13, 14	2,194,947	10,448,082
Intangible assets	14	-	286,168
Right-of-use lease assets	15	135,176	100,577
Other receivables	16	75,000	75,000
Total non-current assets		4,922,822	15,348,508
Total assets		7,739,783	20,950,572
Current liabilities			
Trade and other payables	18	554,237	522,544
Employee benefit liabilities	19	195,902	180,083
Lease liabilities	4, 15	48,713	46,722
Deferred grant income		69,218	13,103
Liabilities in disposal groups held for sale	24	5,988	-
Total current liabilities		874,058	762,452
Non-current liabilities			
Lease liabilities	4, 15	99,067	67,855
Total non-current liabilities		99,067	67,855
Total liabilities		973,125	830,307
Net assets		6,766,658	20,120,265
Equity			
Share capital	20	43,952,936	43,702,717
Accumulated losses		(37,513,306)	(23,794,552)
Foreign currency translation reserve		(6,296)	38
Share option reserve		333,324	212,062
Total equity		6,766,658	20,120,265

The consolidated financial statements on pages 42 to 77 were approved and authorised for issue by the Board of Directors on 30 September 2024 and were signed on its behalf by:



(Director)



(Director)

The above statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		170,015	278,085
Grant income received		755,237	104,378
Payments to suppliers and employees		(4,661,731)	(6,302,684)
Net cash inflows/(outflows) from operating activities	9	(3,736,479)	(5,920,221)
Cash flows from investing activities			
Interest income		157,475	211,567
Proceeds from sale of plant and equipment		51,151	34,854
Proceeds from maturing investments		3,500,000	13,000,000
Proceeds from contingent consideration receivable		-	500,000
Investment deposits made		(1,500,000)	(7,000,000)
Purchase of property, plant and equipment		(1,208)	(73,772)
Net cash inflows/(outflows) from investing activities		2,207,418	6,672,649
Cash flows from financing activities			
Principal elements of lease payments		(77,854)	(101,296)
Interest paid		(16,925)	(19,079)
Net cash inflows/(outflows) from financing activities		(94,779)	(120,375)
Net increase/(decrease) in cash and cash equivalents		(1,623,840)	632,053
Cash and cash equivalents at beginning of year		2,529,338	1,897,285
Exchange (loss)/gains on cash and cash equivalents		(10,367)	-
Cash and cash equivalents at end of year	4	895,131	2,529,338

The above statements should be read in conjunction with the accompanying notes.

Notes Forming Part of the Financial Statements

For the year ended 30 June 2024

1. Reporting entity

The consolidated financial statements comprise the results of Rua Bioscience Limited and its subsidiaries (together, "the Group").

Rua Bioscience Limited ("the Company") is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The address of the Company's registered office and principal place of business is 1 Commerce Place, Awapuni, Gisborne.

The Company is principally engaged in the business of research and development, and pharmaceutical distribution and marketing.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), being in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards). They comply with interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have also been prepared in accordance with the requirements of the Companies Act 1993, the Financial Markets Conduct Act 2013 and the Main Board/Debt Market Listing Rules of NZX Limited.

The Group is a for-profit entity for the purposes of complying with NZ GAAP.

These consolidated financial statements include non-GAAP financial measures that are not prepared in accordance with NZ IFRS. The Group presents Net Tangible Assets, in Note 26. The Group believes that this non-GAAP measure provides useful information to readers, as this is a required disclosure under the NZX Listing Rules, but it should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies.

The consolidated financial statements are presented in New Zealand dollars (\$), which is also the Group's functional currency. All financial information presented has been rounded to the nearest dollar.

(b) Material accounting policies

Material accounting policies have been disclosed alongside the related notes in the consolidated financial statements.

(c) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the items detailed in note 2(g).

(d) New standards, interpretations and amendments

(i) New standards mandatorily effective during the period

New standards that have become mandatorily effective in the annual consolidated financial statements for the year ended 30 June 2024,

- NZ IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to NZ IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);

2. Basis of preparation (continued)

- Definition of Accounting Estimates (Amendments to NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to NZ IAS 12 Income Taxes); and
- International Tax Reform – Pillar Two Model Rules (Amendment to NZ IAS 12 Income Taxes) (effective from 10 August 2023).

Except for the standards detailed below, none of these new standards effective during the period have had a significant effect on the Group.

Disclosure of Accounting Policies (Amendments to NZ IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

(ii) Issued, but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the periods beginning on or after 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to NZ IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to NZ IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to NZ IAS 1 Presentation of Financial Statements);
- Supplier Finance Arrangements (Amendments to NZ IAS 7 Statement of Cash Flows and NZ IFRS 7 Financial Instruments: Disclosures); and
- Disclosure of Fees for Audit Firms' Services (Amendments to FRS 44)

The following amendments are effective for the periods beginning 1 January 2025 and onwards:

- Lack of Exchangeability (Amendments to NZ IAS 21 The Effects of Changes in Foreign Exchange Rates) (effective 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to NZ IFRS 9 and NZ IFRS 7) (effective 1 January 2026)
- NZ IFRS 18 Presentation and Disclosure of Financial Statements (effective 1 January 2027)

The Group does not believe that the amendments to NZ IAS 1 will have a significant impact as the Group is not party to significant non-current borrowings. In addition, the Group does not hold any financial instruments which would be significantly impacted by the amendments to NZ IFRS 9 and NZ IFRS 7.

The Group has not yet assessed the impact of NZ IFRS 18 Presentation and Disclosure in Financial Statements. It is expected that the standard will impact the presentation of the financial statements.

Besides the items above, the Group does not expect these new and amended standards to have a material impact on the Group.

(e) Accounting estimates and judgements made

The preparation of the consolidated financial statements, in conformity with NZ IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. Basis of preparation (continued)

Estimates and underlying assumptions are reviewed on an on-going basis, with revisions to accounting estimates recognised in the period in which the estimates are revised and in any future periods affected.

Details of significant judgements and estimates made by management in the current period include:

Judgements

- Recognition (or not) of deferred tax assets related to carried forward tax losses (note 8).
- Useful life of externally acquired intangible assets (note 14).
- Recognition of research and development tax credits and research and development expenses (notes 6, note 7 and note 16).
- Determination of non-current assets held for sale (note 24).
- Preparation of the financial statements on a going concern basis (note 2(f)).

Estimates

- Assessment of impairment for non-financial assets (note 12 and note 14 and note 24)

The Group assess the potential climate related risks associated with the location of its facilities and other key operations in the regions it operates in and considers that there are no material impacts on the current consolidated financial statements.

(f) Going Concern

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for a period of at least 12 months from the date of signing these consolidated financial statements.

Given the Group's net operating loss of \$13,718,754 and net operating cash outflow of \$3,736,479 for the year ended 30 June 2024, in addition to its reduced liquid net asset position, the Board and management have prepared cash flow forecasts for the next 12 months. These indicated that the Group will not have sufficient cash to meet its minimum expenditure commitments and support its current levels of activity without undertaking additional action.

Accordingly, the Directors have developed plans to respond to the cash flow pressures and have evaluated the following factors in determining that the going concern assumption is appropriate:

(i) Subsequent to reporting date, the Group has entered into an agreement with a third party for the sale of its Gisborne facility which includes the leasehold buildings held as available for sale (refer to note 24) in addition to manufacturing and extraction equipment. The final agreed selling price is \$1,300,000. The Directors have accommodated a deferral of the payment date for the deposit to allow the Purchaser to more explicitly secure land ownership rights once the lease has been transferred.

The Directors remain confident of the Purchaser's ability and willingness to both pay the deposit and to complete the contract as planned.

The sale is expected to settle on 30th October 2024.

(ii) Management and the Board have engaged in dialogue with the Group's existing shareholders to secure additional funding to meet immediate operational cashflow requirements, with \$150,000 being received under a placement offer on 23 September 2024. Further shareholder funding will be required and plans for further capital raising are progressed.

(iii) The Group's operational forecasts include assumptions regarding a number of opportunities in key markets. As at the date of signing these financial statements, the Group has achieved the following:

- Successfully launched an additional product into Germany, a market in which it has had positive past sales revenues in;
- Introduced New Zealand grown genetics into products sold in Australia; and
- Obtained approval for the introduction of new products into the New Zealand market and established sales revenues for one product.

2. Basis of preparation (continued)

The Group has also forecast a number of significant potential operating milestones over the coming 12 months including:

- Product sales into the UK market under existing distribution agreements;
- Continued expansion of product offerings in Australia, Germany and New Zealand; and
- Establishment of Rua genetics in several countries including:
 - o In Canada under licence with Apollo Green; and
 - o Ongoing trial crops in both Australia and Portugal.

These would further the Group's plans to achieve a sustainable operating model in line with its projections.

The Directors believe that the Group will be sufficiently successful in achieving the above, and on this basis, are of the view that it is appropriate to continue to adopt the going concern assumption in the preparation of these consolidated financial statements.

In the immediate term, the Group is dependent on cash proceeds from the sale of its facility and committed shareholder support received to date as well as current and ongoing engagement with shareholders for significant additional capital which is expected to be resolved and formalised over the coming months. Should this additional funding be less than expected, the Group may be unable to manage its minimum cash expenditure commitments and enact on its forecasted revenue targets as outlined above.

Furthermore, should the Group be unsuccessful in achieving its revenue forecasts, or if actual revenue growth is lower than projected, the proceeds from the sale of the facility or the planned capital contributions alone may be insufficient to accommodate the Group's operational demands.

These events and conditions identified indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements do not include any adjustments relating to the classification and recoverability of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

(g) Fair value measurement

The fair value of certain assets and liabilities included in the Group's consolidated financial statements is disclosed.

Determining the fair value of these assets and liabilities utilises market observable inputs and data as far as possible.

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

- Borrowings, disclosure of fair value (note 4)
- Financial assets and liabilities at amortised cost, disclosure of fair value (note 4)
- Assets in disposal groups held for sale (note 24)
- Impairment of non-financial assets (notes 12 and 24)

(h) Impairment of non-financial assets and Goodwill

The cash-generating unit to which Goodwill is allocated to is tested for impairment at each reporting date and, at any other time in which there are indicators of impairment (refer to note 13). For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The carrying amounts of the Group's property, plant and equipment (note 12), intangible assets (note 14) and right-of-use assets (note 15) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount (being the higher of value-in-use and fair value less costs of disposal). Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

2. Basis of preparation (continued)

(i) Change in comparatives

For the year ended 30 June 2024, the following expenses have been disaggregated and presented separately from “Other expenses” in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

- Impairment of intangible assets.
- Impairment of property, plant and equipment.
- Impairment of assets held for sale.

Comparative amounts for these expenses for the year ended 30 June 2023 have also been presented.

Accordingly, for the value of “Other expenses” for the year ended 30 June 2023 has been restated to reflect this disaggregated presentation.

3. Segment reporting

The Group operates in one segment, its primary business being research and development and the sale of pharmaceutical products in Australia, Germany and New Zealand.

The chief operating decision maker has been identified as the Chief Executive Officer (CEO), as they make all the key strategic resource allocation decisions related to the Group’s segment.

The Group currently derives revenue from customers through the sale of goods in Australia, Germany and New Zealand. The Group’s revenues are analysed by geography on the basis of the jurisdiction in which the goods are sold and have been disaggregated in this way in note 5.

4. Financial instruments and financial risk management and capital management

This note describes:

- (A)** The Group’s accounting policies with respect to financial instruments recognised in the Group’s consolidated financial statements, and detail of those balances.
- (B)** The nature of the financial risk that the Group is exposed to, and the Group’s objectives, policies and processes for managing those risks, the methods used to measure them, and sensitivity analysis to movements in rates (where applicable).
- (C)** The nature of the Group’s Capital Management policies.

(A) Financial instruments recognised

The Group recognises financial assets and financial liabilities when it becomes party to the contractual provisions of the financial instrument.

Financial assets

The Group classifies its financial assets depending on the purpose for which the asset was acquired (i.e. the business model) and the contractual terms of the cash flows.

Amortised cost

These comprise cash and cash equivalents, certain trade and other receivables and term deposit investments.

Cash and cash equivalents comprise of cash on hand and demand deposits, as well as highly liquid deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with terms of 90 days or less.

These financial assets are:

- Initially measured at fair value, plus directly attributable transaction costs.
- Subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Cash and cash equivalents and investments are held with “investment grade” financial institutions and are deemed to have no significant increase in credit risk in terms of impairment.
- Derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred.

4. Financial instruments - risk management (continued)

Financial liabilities

The Group classifies its financial liabilities depending on whether (or not) it meets the definition of a financial liability at fair value.

Financial liabilities at fair value through profit and loss

These comprise contingent consideration recognised in the consolidated statement of financial position and are carried at fair value. Changes in fair value are recognised in the consolidated statement of profit or loss and other comprehensive income.

Other financial liabilities at amortised cost

These include trade and other payables and lease liabilities recognised in the consolidated statement of financial position.

These financial liabilities are:

- Initially measured at fair value, plus directly attributable transaction costs.
- Subsequently measured at amortised cost using the effective interest rate method.
- Derecognised when the contractual obligation to settle the obligation is discharged, cancelled, or expires.

Categories and fair values of the Group's financial instruments

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount	Fair value
FY24	\$	\$	\$	\$
Cash and cash equivalents	895,131	-	895,131	(a)
Trade and other receivables	101,163	-	101,163	(a)
Trade and other payables	-	(419,504)	(419,504)	(a)
Lease liabilities	-	(147,780)	(147,780)	(b)
Total	996,294	(567,284)		
FY23	\$	\$	\$	\$
Investments	2,032,055	-	2,032,055	(a)
Cash and cash equivalents	2,529,338	-	2,529,338	(a)
Trade and other receivables	173,620	-	173,620	(a)
Trade and other payables	-	(276,801)	(276,801)	(a)
Lease liabilities	-	(114,577)	(114,577)	(b)
Total	4,735,013	(391,378)		

(a) Due to their short-term nature, the carrying value of these financial instruments approximates their fair value.

(b) Not required to be disclosed per NZ IFRS 7.

Financial liabilities at fair value through profit or loss relates to contingent consideration from past business combinations:

	Note	30 June 2024	30 June 2023
		\$	\$
Opening balance		-	7,641,832
Arising on business combination		-	-
Change in fair value estimate		-	(5,851,032)
Consideration settled (shares)	20	-	(1,790,800)
Closing balance		-	-

4. Financial instruments - risk management (continued)

(B) Financial risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance team also review the risk management policies and processes and report their findings to the Audit, Finance & Risk Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies as they relate to the specific financial risks that the Group is exposed to are set out below:

Through its operations, the Company is exposed to the following financial risks:

- (a) Credit risk
- (b) Market risk
 - i. Interest rate risk, and
 - ii. Foreign exchange risk
- (c) Liquidity risk

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial asset fails to meet their contractual obligations. The Group's exposure to credit risk is represented by the carrying amount of cash and cash equivalents, trade and other receivables and investments.

The Group only holds cash and cash equivalents and investments with financial institutions that are independently determined credit ratings of "A" or higher.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

The Group has an Audit, Finance & Risk Committee that monitors credit risk as part of its wider duties.

Cash and cash equivalents and investments held with financial institutions are presented in the table below:

	Credit rating ^(a)	Cash and cash equivalents	Investments	Total
30 June 2024		\$	\$	\$
Kiwibank	A1, AA	715,905	-	715,905
ANZ	AA-, Aa2	179,226		179,226
Total		895,131	-	895,131
30 June 2023		\$	\$	\$
Kiwibank	A1, AA	2,529,338	2,032,055	4,561,393
Total		2,529,338	2,032,055	4,561,393

Interest rates on interest bearing cash and cash equivalents and investments range between 4.80% - 5.00% (2023: 1.15% - 5.00%).

(a) Standard & Poor's, Moody's, Fitch.

4. Financial instruments - risk management (continued)

Cash and cash equivalents above comprise the following:

	2024	2023
	\$	\$
Cash on hand	571,208	2,529,338
Demand deposits	323,923	-
Total cash and cash equivalents	895,131	2,529,338

(b) Market risk

Market risk arises from the Group's:

- Use of interest-bearing borrowings (interest rate risk)
- Credit sales and purchases in foreign currencies (foreign currency risk), and
- Prices of key commodity inputs (price risk).

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is only exposed to fixed rate interest rates on its interest-bearing liabilities (lease liabilities).

ii. Foreign exchange risk

The Group is exposed to movements in foreign exchange rates through transactions and balances denominated in foreign currencies. The Group's exposures to foreign exchange risk are as follows:

- Sales transactions of \$83,588 (2023: \$268,207) denominated in foreign currencies, which are mainly denominated in Australian Dollar (2023: Euro).
- Inventory purchase transactions of \$199,094 (2023: \$208,222) denominated in foreign currencies, which are mainly denominated in Australian Dollar amounts.
- Net investments in foreign operations of \$(416,445) (2023: \$2,457).

The Group has an Audit, Finance & Risk Committee that monitors foreign exchange risk as part of its wider duties.

There are no open forward exchange contracts at the end of the reporting period (2023: no open forward exchange contracts).

The net foreign exchange gain recognised for the year was \$4,556 (2023: \$3,136 loss) (2024: note 6, 2023: note 7).

Sensitivity analysis

The following table presents the Group's sensitivity from a reasonably possible strengthening or weakening NZD against foreign currencies, with all other variables held constant.

	30 June 2024		30 June 2023	
	Equity \$	Profit \$	Equity \$	Profit \$
10% strengthening of the NZD	6,685	5,013	5,727	7,954
10% weakening of the NZD	(6,685)	(5,013)	(13,564)	18,839

4. Financial instruments - risk management (continued)

(c) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due (refer to note 2(f)).

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this the Group maintains a monthly forecast on its future cash position to ensure it can meet financial obligations when they fall due.

The Board receives monthly financial statements which include statements of financial position, performance, and cash flow, as well as budget/forecast variance reports, to ensure it holds or will hold cash equivalents to meet its obligations.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

As at 30 June 2024	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$
Trade and other payables	419,503	-	-	-	-	419,503
Lease liabilities	21,048	44,847	59,976	48,716	-	174,587
Total	440,551	44,847	59,976	48,716	-	594,090

As at 30 June 2023	\$	\$	\$	\$	\$	\$
Trade and other payables	276,801	-	-	-	-	276,801
Lease liabilities	13,674	39,463	21,099	45,000	11,250	130,486
Total	290,475	39,463	21,099	45,000	11,250	407,287

(C) Capital management

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern (refer to note 2(f)), so that it can continue to fund activities for the purposes of deriving sustainable returns to its shareholders and other stakeholders.

The Group's capital structure consists of Equity of the Group (comprising issued capital and retained earnings). The Group is not subject to any externally imposed capital requirements.

The Board continually reviews the capital structure of the Group. As part of this review, the Board considers the availability and cost of capital and the risks associated therein.

5. Revenue from contracts with customers

The Group recognises revenue from the sale of pharmaceutical goods at a point-in-time when control of the goods has transferred to the customer. This is typically upon physical delivery of the goods to the customer's premise. The transaction price is set by the Group and is as per the agreed contracts in place with customers.

Where goods are sold through distributors, judgement is required to assess which party the Group passes control of the goods such that they are considered the Group's "customer" for accounting purposes (i.e., the distributor, or, the end-purchaser).

Consideration is given to which party has the substantive: (i) responsibility to fulfil the promise to provide goods (including obligations with respect to any returns); (ii) inventory risk over the goods; and, (iii) Rights to set pricing.

Typically, distributors in Australia and Germany are considered to be the Group's agents. Distributors in New Zealand are considered to be the Group's customers.

	2024	2023
	\$	\$
Performance obligations satisfied at a point-in-time		
Sale of goods - New Zealand	2,249	89,467
Sale of goods - Australia	83,588	-
Sale of goods - Germany	-	268,208
Total Revenue from Contracts with Customers	85,837	357,675

6. Other income

(i) Government grants

The Group recognises government grants as other income rather than reducing the costs that they are intended to compensate.

The Group primarily receives government grants from the following entities:

- Inland Revenue Department (IRD), in the form of R&D tax incentive credits; and
- New Zealand Trade and Enterprise (NZTE).

R&D tax incentive credits are accounted for as government grant income as opposed to income tax credits as the benefit is independent of the taxable profit or tax liability where the Group is eligible for a cash refund; specific conditions exist for the Group, the R&D activities and the expenditure to be eligible for the tax credits; and the tax credits are not structured as an additional deduction in computing taxable profit.

The Group has reasonable assurance at the reporting date that the R&D tax incentive will be received and all attached conditions will be complied with. The Group expects to receive the tax credit when the return is filed subsequent to the end of the reporting period.

The Group also receives grant funding from NZTE in relation to promotion and export activities which it undertakes. Typically, grant funding is approved and paid only upon proof of eligible expenditure.

Other income streams recognised by the Group include:

	2024	2023
	\$	\$
Research and development grant income	129,886	289,204
NZTE grant income	65,071	-
Other government grants	26,524	-
Total government grant income	221,481	289,204
Gain on sale of property, plant and equipment	772	-
Net foreign exchange gains	4,556	-
Gain on early termination of leases	-	13,096
Other income	9,032	21,605
Total other income	235,841	323,905

7. Expenses

	2024	2023
Note	\$	\$
Specific expenses included in operating loss before net financing costs for the year:		
Cultivation costs	456,173	520,011
Extraction and manufacturing	25,899	437,849
Changes in inventories of finished goods and work in progress	11 204,143	339,551
Impairment expense	12, 14, 24 9,213,975	5,568,718
Accommodation and travel	78,296	116,300
Communications	133,557	85,002
Depreciation of property, plant and equipment	331,527	580,764
Depreciation of right-of-use lease assets	63,189	101,260
Distribution	27,123	-
Amortisation – intangible assets	5,106	2,960
Direct research and development expenses	46,168	290,324
General	149,785	275,238
Professional services	1,207,040	1,009,625
Insurance	180,463	157,050
Motor vehicle expenses	40,178	39,890
Charitable expenses	48,694	57,417
Licenses	45,556	51,324
Office expenses	32,865	68,690
Selling and marketing	438,955	935,047
Employee benefit expense	1,420,289	2,043,766
Foreign exchange loss	-	3,136
Total expenses	14,148,981	12,683,922
Included in the above:		
Employee benefit expense		
- Short term benefits (wages and salaries)	1,014,773	1,869,596
- Defined contribution plan	34,035	83,554
- Share-based payment expense	371,481	90,616
Total employee benefit expense	1,420,289	2,043,766
Research and development expenses		
- Direct costs	419,770	290,324
- Indirect costs	756,383	1,297,380
Total research and development expenses	1,176,153	1,587,704

7. Expenses (continued)

(i) Research and development

As a result of the Group's recent strategic restructure, the Group's research and development operations are not actively in pursuit of commercial licenses and as such, the Group does not consider itself to be in the development phase. Accordingly, all research and development costs are expensed as incurred.

(ii) Fees paid to auditors

Fees paid to auditors include payments to PricewaterhouseCoopers for the following:

	2024	2023
	\$	\$
Audit and review of the financial statements		
- Audit of the financial statements	142,633	135,775
- Review of half year financial statements	-	30,149
Total audit and review fees	142,633	165,924

8. Income tax

Tax expense/(credit) comprises current and deferred tax.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Income tax recognised in profit or loss

The income tax expense/(credit) recognised for the year includes current and deferred tax as presented below:

	2024	2023
	\$	\$
Current tax on profits for the year	-	774
Total current tax	-	774
Origination and reversal of temporary differences	(167,282)	(1,351,212)
Prior year tax losses not recognised	167,282	1,351,212
Prior period adjustments	-	-
Total deferred tax (income)/expense	-	-
Total income tax (income)/expense	-	774

8. Income tax (continued)

(ii) Reconciliation of income tax expense

The reconciliation of income tax expense is presented below:

	2024	2023
	\$	\$
Loss before income tax expense	(13,718,754)	(5,958,506)
Tax expense/(income) @28%	(3,841,251)	(1,668,382)
Add/(less) reconciling items		
- Expenses not deductible for tax purposes	2,629,700	22,428
- Non-assessable income	(42,436)	(1,704,973)
- Tax losses not recognised for deferred tax	1,253,987	3,351,701
- Prior period adjustments	-	-
Total income tax expense	-	774

(iii) Imputation credits

The Company has \$11,789 of imputation credits as at 30 June 2024 (2023: \$769,357).

(iv) Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28%.

Significant management judgement has been exercised to determine that future taxable profits for the Group are beyond a reliable forecast horizon and that no net deferred tax asset should be recognised.

An amount of deferred tax asset of \$7,911,205 (2023: \$6,664,656) has not been recognised. The unrecognised deferred tax asset is comprised of tax losses of \$7,865,566 (2023: \$6,451,736) and other temporary differences of \$45,639 (2023: \$212,920).

8. Tax expense (continued)

(iv) Deferred tax (continued)

Details of the deferred tax asset and liability amounts recognised in profit or loss are as follows:

	Employee entitle- ments \$	Property, plant and equip- ment \$	Accruals \$	Intangible assets \$	Lease liabilities \$	Right- of-use assets \$	Share- based payments - equity settled \$	Carried forward tax losses \$	Total \$
As at 1 July 2022	44,908	(17,310)		- (1,404,490)	230,720	(223,097)	18,057	1,351,212	-
Amounts recognised									
- In profit or loss	(16,404)	25,527	-	1,325,465	(198,638)	194,935	20,327	(1,351,212)	-
- Arising on business combinations	-	-	-	-	-	-	-	-	-
- In OCI	-	-	-	-	-	-	-	-	-
At 30 June 2023	28,504	8,217	-	(79,025)	32,082	(28,162)	38,384	-	-
As at 1 July 2023	28,504	8,217	-	(79,025)	32,082	(28,162)	38,384	-	-
Amounts recognised									
- In profit or loss	(28,504)	(6,099)	(1,927)	79,025	10,973	(15,084)	(38,384)	-	-
- Arising on business combinations	-	-	-	-	-	-	-	-	-
- In OCI	-	-	-	-	-	-	-	-	-
At 30 June 2024	-	2,118	(1,927)	-	43,055	(43,246)	-	-	-

9. Notes Supporting Statement of Cash Flows

(i) Reconciliation of net operating cash flows to profit/(loss)

	2024	2023
	\$	\$
Net loss for the year	(13,718,754)	(5,959,280)
Adjustments for non-cash and non-operating activity items:		
- Add back: Depreciation – property, plant & equipment ⁽³⁾	331,526	580,764
- Add back: Depreciation – RoU lease asset ⁽³⁾	63,171	101,265
- Add back: Amortisation – intangible asset	5,106	2,960
- Add back: Impairment expense	9,213,975	5,568,720
- Deduct: Gain on sale of property, plant & equipment	(771)	-
- Add back: Loss on sale of property, plant & equipment	-	11,347
- Deduct: Gain on early termination of leases	-	(13,199)
- Add back: Share-based payment expense	371,481	90,616
- Add back: Interest expense	16,925	19,079
- Deduct: Interest income	(125,420)	(202,129)
- Add back: Cost of goods given away under CAS	-	52,268
- Deduct: Fair value gain on contingent consideration	-	(5,851,032)
	9,875,993	360,659
Movements in working capital:		
- (Increase)/decrease in other receivables ⁽¹⁾	589,469	(292,629)
- (Increase)/decrease in prepayments	(320,655)	3,160
- (Increase)/decrease in inventories	(260,810)	152,218
- Increase/(decrease) in trade and other payables ⁽²⁾	26,598	93,763
- Increase/(decrease) in contract liabilities	-	(2,062)
- Increase/(decrease) in employee benefit liabilities	15,565	(279,652)
- Increase/(decrease) in deferred grant income	56,115	3,603
	106,282	(321,600)
Net cash outflows from operating activities	(3,736,479)	(5,920,221)

⁽¹⁾ Excludes accruals for interest income (investing activity)

⁽²⁾ Excludes accruals for interest expense (financing activity), and payables related to property, plant & equipment (investing activity)

⁽³⁾ Depreciation of \$nil (2023: \$5,790) and amortisation of \$5,106 (2023: \$3,583) related to building facilities, plant and equipment and intangible assets used to manufacture and procure is included in changes in inventories of finished goods and work in progress.

9. Notes supporting statement of cash flows (continued)

(ii) Changes in the Group's liabilities arising from financing activities (cash and non-cash)

30 June 2024	NON-CASH			CASH		
	Opening \$	New leases \$	Lease remeasure- ments \$	Transferred to disposal groups \$	Payment \$	Closing \$
Lease liabilities	114,577	116,514	529	(5,988)	(77,852)	147,780
	114,577	116,514	529	(5,988)	(77,852)	147,780

30 June 2023	NON-CASH			CASH		
	Opening \$	New leases \$	Lease remeasure- ments \$	Transferred to disposal groups \$	Payment \$	Closing \$
Lease liabilities	824,002	-	608,129	-	(101,296)	114,577
	824,002	-	608,129	-	(101,296)	114,577

10. Earnings per share

In both years, the Group has not adjusted the weighted average number of shares used in diluted EPS to reflect the impact of outstanding share-options granted, because as the Group is loss-making, the impact of the outstanding share options granted is "anti-dilutive" (i.e. decreases the loss per share).

Numerator	2024	2023
	\$	\$
(Loss) for the year and earnings (basic and diluted EPS)	(13,725,088)	(5,959,280)
	2024	2023
Denominator	No. shares	No. shares
Weighted average number of shares (basic and diluted EPS)	158,264,526	153,728,201

11. Inventory

Inventories are recognised at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. All inventories are held at their net realisable value at reporting date.

Inventories are measured on a first-in-first-out basis to determine the cost of ordinarily interchangeable items.

	2024	2023
	\$	\$
Finished goods	277,534	14,319
Total	277,534	14,319

Amounts recognised in profit or loss

Inventories recognised as an expense during the year amounted to \$61,350 (2023: \$242,285).

The Group reported write-downs of inventory to net realisable value of \$142,793 (2023: \$97,266) in the consolidated statement of profit or loss and other comprehensive income.

12. Property, plant and equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Costs includes expenditure directly attributable to the acquisition of assets.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset based on estimates by management. Assets' estimated useful life is reassessed annually. The following estimated depreciation rates have been used:

- Buildings and fitout 2% to 50% (2023: 2% to 50%)
- Cultivation Containers 10% (2023: 10%)
- Office Equipment 13% to 67% (2023: 13% to 67%)
- Plant and Equipment 8% to 100% (2023: 8% to 100%)
- Vehicles 13% to 40% (2023: 13% - 40%)

Impairment

The plant and equipment was also written down to its recoverable amount of \$400,000 (2023: \$517,040), which was determined in reference to the fair value less costs of disposal of the various assets. The level 3 fair value of these assets was derived using the sales comparison approach. The key input under this approach was the recent observable selling prices for assets of similar nature, adjusted for condition and location.

12. Property, plant and equipment (continued)

	Note	Buildings and fitout \$	Cultivation containers \$	Office equipment \$	Plant and equipment \$	Vehicles \$	Capital works \$	Total \$
Year ended 30 June 2024								
Opening net book value		3,358,327	104,652	77,307	854,953	43,442	-	4,438,681
Additions		1,208	-	-	-	-	-	1,208
Depreciation charge		(181,262)	(10,465)	(12,654)	(116,879)	(10,267)	-	(331,527)
Impairment charge		-	-	-	(153,623)	-	-	(153,623)
Disposals		-	-	(3,860)	(40,358)	(5,305)	-	(49,523)
Classified as held for sale	24	(1,387,517)	-	-	-	-	-	(1,387,517)
Closing net book value		1,790,756	94,187	60,793	544,093	27,870	-	2,517,699
Cost		3,441,979	159,196	140,648	1,783,739	160,473	-	5,686,035
Accumulated impairment		(486,230)	-	-	(509,204)	-	-	(995,434)
Accumulated depreciation		(1,164,993)	(65,009)	(79,855)	(730,442)	(132,603)	-	(2,172,902)
Net book amount		1,790,756	94,187	60,793	544,093	27,870	-	2,517,699
Year ended 30 June 2023								
Opening net book value		4,146,968	116,281	112,777	1,418,068	39,989	9,201	5,843,284
Additions		11,488	-	8,321	24,169	20,591	-	64,569
Acquired on business combination		-	-	-	-	-	-	-
Depreciation charge		(313,899)	(11,629)	(24,497)	(213,600)	(17,138)	-	(580,763)
Impairment charge		(486,230)	-	-	(355,581)	-	-	(841,811)
Disposals		-	-	(19,294)	(27,304)	-	-	(46,598)
Transfers		-	-	-	9,201	-	(9,201)	-
Closing net book value		3,358,327	104,652	77,307	854,953	43,442	-	4,438,681
Cost		4,828,288	159,196	151,439	1,874,337	181,786	-	7,195,046
Accumulated impairment		(486,230)	-	-	(355,581)	-	-	(841,811)
Accumulated depreciation		(983,731)	(54,544)	(74,132)	(663,803)	(138,344)	-	(1,914,554)
Net book amount		3,358,327	104,652	77,307	854,953	43,442	-	4,438,681

13. Goodwill

Any impairment recognised against goodwill is not subsequently reversed in future periods where the recoverable amount of a CGU increases above its carrying amount.

(i) Impairment testing of goodwill

Goodwill is monitored at a company level, of a single cash-generating-unit (CGU).

The Group tests whether goodwill has suffered any impairment on an annual basis or where there are specific indicators of impairment in the period. For the year to 30 June 2024, goodwill was tested for impairment as at 31 December 2023, and again as at 30 June 2024 (2023: 30 June 2023).

Year to 30 June 2024: Goodwill impairment testing (Value-in-use)

The recoverable amount of the CGU has been determined based on its value-in-use (2023: Fair value less costs of disposal).

Value-in-use calculations require the use of various estimates and judgements. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period which include consideration of the following:

- The existing competitive environment in the key markets which the Group currently operates in, including the Group's existing and projected market share, and indicators of overall growth in those markets.
- The current life-cycle stage of the medicinal cannabis industry and the continued trajectory towards maturity.
- The maturation of supply chains in the industry, as well as the Group's ability to exploit these going forward.
- The Group's current loss-making position, reflecting its early commercial phase, and operating cashflow requirements as well as the steps taken to date to address these.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts in industry reports specific to the industry in which the CGU operates:

Assumptions and approach used to determine values	As at 31 December 2023	As at 30 June 2024
<p>Forecasted sales and costs of sales</p> <p>This is based on current market share in existing sales channels as well as industry trends as at the reporting date.</p> <p>Cash flows for the next five-year period are extrapolated using annual estimated growth rates comprising a compound annual growth rate ('CAGR'). The CAGR reflects the low base the business is beginning with, growth rates consistent with forecasts in industry reports specific to the industry in which the CGU operates, the supply agreements the business has in place and the markets in which the business currently has distribution agreements in place or employees in market.</p>	110%	39.04%
<p>Pre-tax discount rate</p> <p>Reflects specific risks relating to the relevant activities of the Group.</p>	25.13%	21.86%
<p>Long-term growth rate</p> <p>This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.</p>	2%	2%

13. Goodwill (continued)

As at 31 December 2023, the carrying value of the entire CGU was \$13,354,348 which exceeded the recoverable amount of the CGU by \$5,101,213 and as a result, the Group recognised an impairment loss of \$8,253,135 against the carrying value of goodwill.

This goodwill impairment, a significant portion of which was attributed to the historical acquisition of Zalm Therapeutics, stems from a comprehensive analysis conducted by Management and the Board. Through this analysis, which evaluated various growth scenarios, it became apparent that the acquisition had not delivered the expected financial returns.

Goodwill was tested again for impairment as at 30 June 2024 based on internal indicators of impairment due to the Group not meeting its short-term forecasts predominantly as a result of regulatory delays. As at 30 June 2024, the recoverable amount of the entire CGU was \$5,044,236 which exceeds its carrying amount by \$1,145. Management believe that the headroom at 30 June 2024 reflects the fact that significant impairment has already been recognised at 31 December 2023.

If any one of the following changes were made to the above key assumptions, the carrying amount and recoverable amount would be equal:

Key assumption	Sensitivity
Forecasted sales and costs of sales/'CAGR'	Reduction from 39.04% to 39.02%
Pre-tax discount rate	Increase from 21.86% to 21.87%
Long-term growth rate	Reduction from 2.00% to 1.99%

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

Year to 30 June 2023: Goodwill impairment testing (Fair value less costs of disposal)

The recoverable amount of the CGU as at 30 June 2023 was determined based on the price that would be received between market participants at the measurement date, less any directly incremental transaction costs and costs to bring the CGU to a saleable condition.

The recoverable value was based on an estimate of market value at the reporting date based on the quoted share price of \$0.15 per share. The share issue price at reporting date is based on the quoted price on the NZX listed exchange and represents a "level 1" fair value measurement per the fair value hierarchy.

In determining the recoverable value of the CGU, the Group had headroom of \$4,232,720 (2022: \$25,262,067) over the carrying value. No impairment of goodwill was recognised as at 30 June 2023.

14. Intangible assets

Intangible assets are stated at historical cost (being their acquisition date fair value if acquired in a business combination) less any accumulated amortisation and impairment losses.

The following estimated amortisation rates have been used:

Intangible asset	Useful economic life
Supplier contracts	Finite – based on units of production (refer below)

Supplier contracts are amortised on a units-of-supply basis, being the actual volume of units purchased for production relative to the expected volumes purchased over the life of the contract.

	Goodwill	Supplier contracts	Total
	\$	\$	\$
(i) Cost			
At 1 July 2023	10,448,082	5,016,035	15,464,117
At 30 June 2024	10,448,082	5,016,035	15,464,117
At 1 July 2022	10,448,082	5,016,035	15,464,117
At 30 June 2023	10,448,082	5,016,035	15,464,117
(ii) Accumulated amortisation and impairment			
At 1 July 2023	-	(4,729,867)	(4,729,867)
Amortisation charge	-	(5,961)	(5,961)
Impairment charge	(8,253,135)	(280,207)	(8,533,342)
At 30 June 2024	(8,253,135)	(5,016,035)	(13,269,170)
At 1 July 2022	-	-	-
Amortisation charge	-	(2,960)	(2,960)
Impairment charge	-	(4,726,907)	(4,726,907)
At 30 June 2023	-	(4,729,867)	(4,729,867)
(iii) Net book value			
At 1 July 2022	10,448,082	5,016,035	15,464,117
At 30 June 2023	10,448,082	286,168	10,734,250
At 30 June 2024	2,194,947	-	2,194,947

Impairment

During the year ended 30 June 2024, the Group was notified by Cann Group that they had given notice to terminate its existing in-place supply agreement. There is a 12-month notice period under the terms of the contract. As a result, an impairment charge of \$280,207 has been recognised against the supply contract to reflect the remaining estimated volumes that the Group expects to purchase under the contract across the remaining period.

15. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate, however in such cases the initial present value determination assumes that the variable element will remain unchanged throughout the lease term.

Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically make-good provisions on buildings)

Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Right-of-use assets are also subject to impairment assessment at reporting date.

(i) Information regarding the Group's leases and leasing activity

The Group leases a number of properties including land, buildings, including commercial office premises, in the jurisdiction from which it operates.

As standard industry practice, one of the Group's property leases are subject to periodic CPI increases and/or market rent reviews. A 1% increase in these payments would result in an additional \$692 cash outflow (2023: \$244) compared to the current period's cash outflow.

The Group's property leases typically include renewal and termination options. The Group must assess whether it reasonably expects (or not) to exercise these when determining the lease term.

The Group has one property lease (2023: has one property lease) where the Group has assessed it is does not reasonably expect to exercise all available renewal options, resulting in a potential additional lease term of 2 years (2023: 2 years) and potential future lease payments of \$48,792 (2023: \$48,792) that are not currently included in measurement of the lease liability recognised for these leases.

15. Leases (continued)

(ii) Lease related balances as at period end, and amounts for the period

	Note	2024 \$	2023 \$
Expenses and income in the period			
Depreciation			
- Leases of property (land and buildings)		50,678	47,545
- Vehicles		12,511	32,383
- Plant		-	21,333
Interest expense		16,874	19,087
Balance sheet and cash flow statements			
Carrying amount of right-of-use asset			
- Leases of property (land and buildings)		135,176	88,606
- Vehicles		-	11,978
- Plant		-	-
Lease liabilities	9(ii)	147,780	114,577
Additions to right-of-use assets		117,045	-
Total cash outflow related to leases		94,740	120,379

16. Trade and other receivables

	2024	2023
Note	\$	\$
Financial assets classified as amortised cost – current		
Trade receivables	26,163	98,620
Less: provision for impairment of trade receivables	-	-
Trade receivables – net	26,163	98,620
Financial assets classified as amortised cost – non-current		
Non-trade receivables	75,000	75,000
Financial assets classified as amortised cost - total		
4	101,163	173,620
GST receivable	75,287	36,416
Withholding tax receivable	11,789	86,945
Government grants receivable		
- Research and development tax credit	163,369	641,010
- Other	-	-
Other receivables	250,445	764,371
Total other receivables	351,608	937,991

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. This is based on a provision matrix which measures expected credit loss on a collective basis where trade receivables are grouped based on similar credit risk and rating.

The expected loss rates are based on the Group's historical credit losses. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. At reporting date, none of the Group's trade receivables were past 30 days due.

17. Prepayments

	2024	2023
	\$	\$
Prepaid inventory	333,844	104,247
Other prepayments	154,063	59,115
Total prepayments	487,907	163,362

Prepayments for future goods and services are recognised in the consolidated statement of profit or loss and comprehensive income when the Group obtains control of the associated good or service.

18. Trade and other payables

	Note	2024	2023
		\$	\$
Trade payables	4	419,503	276,801
Audit fee accrual		110,783	61,750
Other payables		23,951	183,993
Total trade and other payables		554,237	522,544

19. Employee benefit liabilities

	2024	2023
	\$	\$
Short term employee benefits payable		
- Wages and salaries	65,696	73,780
- Accrual for annual and sick leave	127,857	104,840
	193,553	178,620
Defined contribution plan payable	2,349	1,463
Total employee benefit liabilities	195,902	180,083

20. Share Capital and Reserves

	2024	2023
	No. shares	No. shares
Opening shares	158,136,265	149,879,267
Shares issued*,**	1,614,314	8,256,998
Total share capital	159,750,579	158,136,265

* During the year ended 30 June 2024:
- 1,614,314 vested share options were exercised into ordinary shares.

** During the year ended 30 June 2023:
- 116,998 vested share options were exercised into ordinary shares.
- 8,140,000 ordinary shares were issued as part of the Milestone 1 consideration paid the acquisition of Zalm Therapeutics Limited.

At 30 June 2024, share capital comprised 159,750,579 authorised and issued ordinary shares (2023: 158,136,265). All issued shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group, and rank equally with regard to the Group's residual assets. Dividends are unlikely to be declared whilst the Group is in the growth phase.

Reserves

Exchange differences arising on the retranslation of the foreign operation are accumulated in the foreign currency translation reserve.

Share-based payments (refer to note 23) are recognised as an expense, with a corresponding increase in equity (share-based payment reserve), over the vesting period of the awards.

21. Related party transactions

(i) Company information

The Group has no ultimate parent entity. There are no individual shareholders holding more than 20% of the ordinary shares of the Group at reporting date.

(ii) Transactions and balances with related parties

During the year the Group entered into the below transactions with entities related to key management personnel.

	Nature of transactions	Sale/ (purchase) amount \$	Amounts receivable (payable) \$
30 June 2024			
EECOMS Limited	Sales	3,000	-
Hikurangi Enterprises Limited	Sales	209	-
Zenoch Management Limited	Purchases	(52,500)	(4,744)
30 June 2023			
Alvarium Investments (NZ) Limited	Purchases	(2,300)	-
Ciprian Consulting	Purchases	(4,337)	-
Hikurangi Enterprises Limited	Sales	1,000	-
Mitchell Family Trust	Purchases	(1,087)	-

21. Related party transactions (continued)

(iii) Key Management personnel compensation

Compensation of key management personnel (being those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors) was as follows:

	2024	2023
	\$	\$
Directors fees	237,000	261,462
Short-term employee benefits	271,542	1,164,683
Defined contribution plan payments	7,655	39,996
Share-based payment expense	135,087	127,426
Total key management personnel compensation	651,284	1,593,567
Share-based payment expense	21,703	44,170

22. Contingent liabilities

There were no contingent liabilities at balance date that would affect the consolidated financial statements.

23. Share-based payments

(a) Key features and balances of ESOPs

The Group grants options to certain employees under a number of employee share option schemes which are classified and accounted for as equity-settled share-based payments.

In the prior period:

- ESOP **Issue #4** was issued and is subject to the following conditions:
 - Are subject to a general service vesting condition (i.e. if the party terminates their employment with the Company, the share options are forfeited);
 - Are subject to a market condition based on the VWAP for the 10-trading-day prior to vesting date;
 - Grant a variable number of options subject to the market conditions met at the vesting date;
 - Have a \$nil exercise price; and
 - Are subject to the following exercise dates:
 - o One third can be exercised one month after vesting
 - o One third can be exercised one year after vesting
 - o One third can be exercised two years after vesting
- ESOP **Issue #5** was issued and is subject to the following conditions:
 - Are subject to a general service vesting condition (i.e., if the party terminates their employment with the Company, the unvested share options are forfeited);
 - Have a \$nil exercise price; and
 - Vest to the participating employees daily such that each award constitutes a separate tranche with an equal number of options and identical terms and conditions.
- ESOP **Issue #6** was issued and is subject to the following conditions:
 - Are subject to a general service vesting condition (i.e., if the party terminates their employment with the company, the unvested share options are forfeited); and
 - Have a \$nil exercise price.

23. Share-based payments (continued)

(b) Key features and balances of ESOPs (continued)

(i) Balance of share options issued that are still yet to vest

	Issue #4 No.	Issue #5 No.	Issue #6 No.	Total No.
At 1 July 2022	2,317,200	-	-	2,317,200
- Options issued	-	2,450,000	2,100,000	4,550,000
- Options vested	-	(272,721)	-	(272,721)
- Options forfeited	(1,617,800)	(933,002)	-	(2,550,802)
At 30 June 2023	699,400	1,244,277	2,100,000	4,043,677
At 1 July 2023	699,400	1,244,277	2,100,000	4,043,677
- Options issued	-	-	-	-
- Options vested	-	(468,403)	(1,614,314)	(2,082,717)
- Options forfeited	(699,400)	-	(485,686)	(1,185,086)
At 30 June 2024	-	775,874	-	775,874

(ii) Balance of vested share options yet to be exercised

	Issue #4 No.	Issue #5 No.	Issue #6 No.	Total No.
At 1 July 2022	-	-	-	-
- New options vested	-	272,721	-	272,721
- Options exercised	-	(116,998)	-	(116,998)
At 30 June 2023	-	155,723	-	155,723
At 1 July 2023	-	155,723	-	155,723
- New options vested	-	468,403	1,614,314	2,082,717
- Options exercised	-	-	(1,614,314)	(1,614,314)
At 30 June 2024	-	624,126	-	624,126

23. Share-based payments (continued)

(c) Specific ESOP details

ESOP Issue #4	Equity settled	
	2024	2023
Option pricing model used	Monte-Carlo	Monte-Carlo
Weighted average share price	\$0.23	\$0.23
Exercise price	\$nil	\$nil
Weighted average contractual life (in days)	-	366
Volatility	85%	85%

ESOP Issue #5	Equity settled	
	2024	2023
Option pricing model used	Binomial	Binomial
Weighted average share price	\$0.17	\$0.17
Exercise price	\$nil	\$nil
Weighted average contractual life (in days)	122	488
Volatility	78%	78%

ESOP Issue #6	Equity settled	
	2024	2023
Option pricing model used	Binomial	Binomial
Weighted average share price	\$0.16	\$0.16
Exercise price	\$nil	\$nil
Weighted average contractual life (in days)	-	187
Volatility	81%	81%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last 3 years and 6 months of stock movements at the date of issue, matching the time to expiry on the options.

24. Assets held for sale

Non-current assets are classified as held for sale when their sale is highly probable within 12 months of meeting the criteria for that classification. Following the classification as held for sale, non-current assets are not depreciated.

In October 2023, the Group engaged real estate agent Bayleys to market its manufacturing facility for sale which resulted in the associated property, plant and equipment and right-of-use assets meeting the criteria for held for sale from that date.

The following assets and liabilities were reclassified as held for sale as at 30 June 2024 in relation to the Group's decision to market its manufacturing facility for sale as part of its wider operational restructure:

	Note	Net book value transferred to assets held for sale	Fair value/ impairment loss	30 June 2024
<i>Assets classified as held for sale</i>				
Property, plant and equipment	12	1,387,517	(527,010)	860,507
Right-of-use assets		19,274	-	19,274
Total assets held for sale		1,406,791	(527,010)	879,781
<i>Liabilities classified as held for sale</i>				
Lease liabilities		(5,988)	-	(5,988)
Total liabilities classified as held for sale		(5,988)	-	(5,988)
Total net assets held for sale		1,400,803	(527,010)	873,793

Assets classified as held for sale during the period ended 30 June 2024 were measured at the lower of their carrying value and fair value less costs to sell at the time of the reclassification.

Property, plant and equipment held for sale was written down to its fair value less costs of disposal of \$860,507 as at reporting date. The level 3 fair value of these assets was derived using the sales comparison approach. The key input under this approach was the recent observable selling prices for assets of similar nature, adjusted for condition and location.

25. Events after the reporting date

As outlined in note 2(f), the Group has entered into an agreement for the sale of its Gisborne manufacturing facility for \$1.3 million. The sale is unconditional and will settle on 30th October, 2024.

Shareholder funding of \$150,000 was received under a placement offer from existing shareholders on 23 September 2024.

There were no other events subsequent to reporting date that would materially affect these consolidated financial statements.

26. Subsidiaries

The principal subsidiary of Rua Bioscience Limited, which has been included in these consolidated financial statements, is as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 30 June		Non-controlling interests ownership/ voting interest at 30 June	
		2024	2023	2024	2023
		Zalm Therapeutics Limited*	New Zealand	-	100%
Rua Bioscience Australia Pty Ltd	Australia	100%	100%	-	-

*On 13 September 2023, the net assets of Zalm Therapeutics Limited were transferred by way of a distribution to the Company, and then deregistered.

27. Net tangible assets

Net tangible assets per share is a non-GAAP measure that is required to be disclosed by the NZX Listing Rules. The calculation of the Group's net tangible assets per share and its reconciliation to the consolidated balance sheet is presented below:

	2024	2023
	\$	\$
Total assets	7,739,783	20,950,572
(less): Intangible assets	(2,194,947)	(10,734,250)
(less): Total liabilities	(973,125)	(830,307)
Net tangible assets	4,571,711	9,386,015
Number of shares issued at balance date	159,750,579	158,136,265
Net tangible assets per share	0.03	0.06

Nga Korero mo nga kaipupuri hea Shareholder information



Shareholder Information

Rua's Statement of Corporate Governance as at 30th September, 2024 can be found here: www.ruabio.com/investors

Spread of Shareholders

As at 31st July 2024

Range	Total Holders	Shareholding	% Shares
1 - 499	361	111,664	0.07
500 - 999	218	161,534	0.10
1,000 - 1,999	358	461,821	0.29
2,000 - 4,999	737	2,344,832	1.47
5,000 - 9,999	368	2,544,518	1.59
10,000 - 49,999	665	13,143,219	8.23
50,000 - 99,999	85	5,773,744	3.61
100,000 - 499,999	78	16,140,122	10.10
500,000 - 999,999	11	7,798,258	4.88
1,000,000 Over	21	111,270,867	69.65
Rounding			0.01
Total	2,902	159,750,579	100.00

Top 20 Shareholders

The names and holdings of the 20 largest registered shareholders in Rua as at 31st July 2024 were:

Name	Shareholding	% Shares
NEW ZEALAND DEPOSITORY NOMINEE LIMITED <A/C 1 CASH ACCOUNT>	24,500,601	15.34
FANG GROUP INVESTMENT LIMITED	23,584,939	14.76
TAILORSPACE CAPITAL LIMITED	11,129,375	6.97
HIKURANGI ENTERPRISES LIMITED	10,532,620	6.59
FNZ CUSTODIANS LIMITED <DTA NON RESIDENT A/C>	6,768,114	4.24
MICHAEL JOHN WILDING	6,720,000	4.21
RIDINGS BROTHERS LIMITED	4,492,196	2.81
PATHFINDER NOMINEES LIMITED - NZCSD	2,513,139	1.57
MARTIN WALTER SMITH & ANETA LISA BIRD & SARA MAREE LUNAM <WAKAROMA A/C>	2,438,337	1.53
CUSTODIAL SERVICES LIMITED <A/C 4>	2,208,342	1.38
ENQUIRE LIMITED	2,200,000	1.38
ROBERT IAN FYFE	2,006,060	1.26
SIMON SY LUO	1,829,077	1.14
AORAKI HOLDINGS (NO 2) LIMITED	1,536,123	0.96
FORSYTH BARR CUSTODIANS LIMITED <I-CUSTODY>	1,485,744	0.93
JOSEPH DAVENPORT	1,387,270	0.87
BOTANITECH PTY LIMITED	1,361,008	0.85
GREG ANTONY ANDERSON & NICOLA MARIE ANDERSON <THE ORANGE A/C>	1,273,510	0.80
YANLING HUANG	1,210,000	0.76
FNZ CUSTODIANS LIMITED	1,094,412	0.69
Top 20 holders of ORDINARY SHARES total	110,270,867	69.03
Total remaining holders balance	49,479,712	30.97

Substantial Product Holders

According to notices given under the Financial Markets Conduct Act 2013, the following were substantial product holders of Rua as at 30 June 2024. The total number of voting securities (fully paid ordinary shares) of Rua as at 30 June 2024 was 159,750,579.

Name	Shareholdings
FANG GROUP INVESTMENT LIMITED	23,584,939
TAILORSPACE CAPITAL LIMITED	11,129,375
MICHAEL JOHN WILDING	8,509,556
HIKURANGI ENTERPRISES LIMITED	10,532,620
ANDREW CHARLES WILLIAMS	7,756,838

Directors' Shareholdings Interests

As at 30 June 2024 the Directors of the Company had the following relevant interests in Rua's shares.

Name	Shareholding	Options
Anna Stove	763,896	nil
Panapa Ehau	473,498	59,800
Tony Barclay	50,000	nil
Teresa Farac-Ciprian	100,000	nil

Directors' Share Dealings

In accordance with the Companies Act 1993 between 1 July 2023 and 30 June 2024 the Board received the following disclosures from Directors of acquisitions and dispositions of relevant interests in shares issued by the Company and details of such dealings were entered in the Company's interests register.

Director	Transaction	Number of securities	Price per security	Date
Teresa Farac-Ciprian	Purchase of Shares	100,000	\$0.18	15 December 2023

Directors' Interests

The following are details of general disclosures of interest by Directors holding office as at 30 June 2024, pursuant to section 140(2) of the Companies Act 1993. The Director will be regarded as interested in all transactions between Rua and the disclosed entities. Includes past and present Board member.

Current Directors	Company	Position
Anna Stove	Pacific Edge Limited	Director and Shareholder
	TAB NZ	Chair
	Progressive Farms	Director and Shareholder
Panapa Ehau	Hikurangi Enterprises Ltd	Director
	Hikurangi Huataukina Trust	Trustee
	Hikurangi Bioactives GP Ltd	Director
	Kaenga Hou Charitable Trust	Trustee
	Tairawhiti Kanuka Ltd	Director
	He Toutou mo te Ahika Trust	Trustee
	Te Papatipu O Uepohatu Charitable Trust	Trustee
Teresa Ciprian	Firstlight Foods Ltd	Director
	Aspeq Ltd	Director
	Goodfood Group Ltd	Director
	Superthriller Jetsprint Ltd	Director and Shareholder
	Food Standards Australia and New Zealand	Director
	Garden to Table Trust	Trustee
	Zenoch Management Limited	Director and Shareholder
Tony Barclay	Baymatob Pty Ltd	Chair and Shareholder
	Pacific Edge Limited	Director and Shareholder

Independent Directors

In order for a Director to be independent, the Board has determined that they must not be an employee of Rua or any of its subsidiaries and must have no disqualifying relationships. Independence is determined by the Board, in accordance with the independence requirements of the NZX Listing Rules and having regard to the factors described in the Code. Director independence is monitored by the Board on an ongoing basis.

NZX Listing Rules require that there must at all times be at least three Directors of whom two are ordinarily resident in New Zealand and at least two are independent Directors.

Rua has four Directors of whom three were considered to be independent as at 30 June 2024. Those three are: the Chair, Anna Stove; Teresa Ciprian and Tony Barclay. Panapa Ehau is a Director, employee and co-founder of Rua and Director of Hikurangi Enterprises Ltd. which is a substantial shareholder in Rua.

In addition, the Directors of Rua's Australian subsidiary company, Rua Bioscience Australia Pty Ltd, are, Anna Stove and Dean Steer.

Board and Officer Gender Composition

The gender composition of Directors and the Officers as at 30 June 2024 was as follows:

Position	30 June 2024		30 June 2023	
	Female	Male	Female	Male
Director	2	2	2	2
Officers*	5	5	7	1

* An officer is a person who is concerned or takes part in the management of Rua's business and who reports directly to the Board or the Chief Executive Officer.

Evaluation of Performance Against Diversity Policy

Rua's approach to diversity is outlined in its Diversity and Inclusion Policy, which is available on Rua's website. Key areas of focus are:

- Attracting, selecting and retaining qualified and diverse applicants and aiming to have a focus on ethnic and gender diversity.
- Remunerating and rewarding in an equitable manner on the basis of skill, knowledge and merit.
- Maintaining a workplace that is accommodating of diverse and changing life situations and enables employees to manage their work and lives through flexible working arrangements.
- Striving for a diverse representation of different groups in society across all levels of Rua's business and based on Rua's origins and values (see the Code of Ethics for a description of Rua's values).

The Board recognises the critical nature of diversity and inclusion and has ensured this is a key consideration when making the skill-based appointments required to ensure robust governance as Rua transitions from start-up to commercialisation. The Board has reviewed Rua's diversity profile and considers that, at this time, there is good diversity on the factors that are most relevant to Rua and its employees:

- Understanding and adoption of a bi-cultural working environment is deeply embodied within Rua's culture. All recent company publications include content in English and Maori.
- The make-up of the Board is sufficiently diverse for the purposes of forming a strong team, providing specialised knowledge and expertise in relevant markets, and driving strong business performance.
- Of the 13 employees, 6 are female and 7 are male.

The Board have set a gender diversity objective for the Board of 40% men, 40% women and 20% of any gender. The Company currently meet this objective.

Meeting Attendance

	Board	Audit, Finance and Risk Management	Remuneration and Nominations
Current Directors	Attended	Attended	Attended
Tony Barclay	9 of 10	4 of 4	3 of 3
Teresa Ciprian	10 of 10	3 of 4	3 of 3
Panapa Ehau	10 of 10	N/A	N/A
Anna Stove	10 of 10	4 of 4	3 of 3

Directors' Remuneration

Director remuneration is made up of an annual base fee, an additional Chair fee (if applicable) and some Directors are participants in Rua's share option plan.

A Director fee pool of \$324,000 per annum has been approved by shareholders. Any increase to that pool requires shareholder approval. The base fee for the Chair is \$90,000 and for a Director is \$45,000. Committee Chairs are paid a fee for the additional work the role requires. Members of Committees are not paid an additional fee. The full Director fee pool was not used.

Current Directors	Position	Directors' fees	Committee fees	Total remuneration
Tony Barclay	Chair - ARC	\$45,000	\$4,500	\$49,500
Teresa Ciprian	Chair - Rems	\$45,000	\$7,500	\$52,500
Panapa Ehau		\$45,000		\$45,000
Anna Stove	Chair - Board	\$90,000		\$90,000

In addition to his Director's fee, Panapa Ehau also receives a salary as an employee of Rua. In FY24, his salary was \$46,504 and Director's Fee was \$45,000 for a total remuneration of \$91,504. There was no short term incentive (STI) and no long term incentive (LTI) paid to Panapa Ehau in FY24.

Employee Remuneration

The number of employees of Rua (not being Directors) who received remuneration and other benefits in their capacity as employees during the year ended 30 June 2024 that exceeded \$100,000 per annum is set out in the table below.

Remuneration range	Employees
100,000-110,000	1
110,001-120,000	1
120,001-130,000	0
130,001-140,000	0
140,001-150,000	0
150,001-160,000	0
160,001-170,000	0
170,001-180,000	1
180,001-190,000	1
190,001-200,000	0
200,001-210,000	0
210,001-220,000	0
220,001-230,000	0
230,001-240,000	1
240,001-250,000	0
250,001-260,000	0
260,001-270,000	0
270,001-280,000	0

The table above includes the equity settled ESOP issues.

CEO Remuneration

For the financial year ended 30 June 2024, the CEO received a total of \$232,693 in fixed annual remuneration. The CEO is a participant in the Employee Share Options programme (which includes both equity and cash settled components) and received no vesting of any interests in the financial year.

CEO remuneration FY24

2024	Salary and fees*	Other benefits**	Subtotal	Pay for performance			Total remuneration
				STI	LTI	Subtotal	
Paul Naske	\$216,313	\$16,380	\$232,693	-	-	-	\$232,693
Total CEO remuneration	\$216,313	\$16,380	\$232,693	-	-	-	\$232,693

Two-year summary – CEO remuneration

		Single figure remuneration	Percentage STI against maximum	Percentage LTI against maximum	Span of LTI performance period
2024	CEO	\$232,693	0%	0%	N/A
2023	CEO	\$560,291	80%	0%	N/A

* Salary and Fees includes Kiwisaver and Employer Superannuation Contribution Tax (ESCT).

** Other benefits include the use of a company car only.

Donations

The following donations were made by Rua and its subsidiaries in the year to 30 June 2024.

Compassionate Access Programme	\$48,195
Medical Cannabis Awareness New Zealand	\$500
Total	\$48,695

Auditor Fees

Fees paid to the auditors include payments to PricewaterhouseCoopers for the following:

	2024	2023
Audit and review of the financial statements		
- Audit of the financial statements	\$142,633	\$135,775
- Review of half year financial statements	\$0	\$30,149
Total fees paid to auditors	\$142,633	\$165,924

There were no other fees payable by the company for other services provided by that firm for FY24.


Dividend Policy

The payment of dividends is not guaranteed, will be at the discretion of the Board, and dependent on a number of factors.

These factors include the general business environment, operating results and the financial condition of Rua, future funding requirements, any contractual, legal or regulatory restrictions on the payment of dividends by Rua and any other factors the Board may consider relevant.

NZX Disclosures

Rua has not applied for nor relied on any NZX waivers during the financial year ending 30 June 2024.

An aerial photograph of a beach at sunset. The ocean waves are breaking onto a wide, sandy beach. A building with a dark roof is situated on the sand. The sky is a mix of orange, yellow, and blue. The overall scene is peaceful and scenic.

— —
Hei konei ra mo tenei wa,
tena koutou i tautoko i
tenei kaupapa, i tenei
kamupene.

Nga mokamoka o te kamupene

Contact directory

Website

ruabio.com

Facebook

facebook.com/ruabioscience

Instagram

instagram.com/ruabioscience

LinkedIn

linkedin.com/company/rua-bioscience

Company Number

6484092

Issued Capital

159,750,579 Ordinary Shares

Registered Office

Rua Bioscience Limited
1 Commerce Place,
Awapuni, Gisborne 4071
Phone: 0800 RUABIO (782 246)

Share Registrar

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road,
Takapuna, Auckland 0622
Phone: +64 (9) 488 8700

Directors

Anna Stove
Panapa Ehau
Teresa Ciprian
Tony Barclay

Chief Executive Officer

Paul Naske

Auditors

PricewaterhouseCoopers

Legal Advisers

Lowndes Jordan
Level 15, 188 Quay Street
Auckland 1010
Phone: +64 (9) 309 2500



This document is printed on an environmentally responsible paper, produced using Elemental Chlorine Free (ECF), FSC® certified, Mixed Source pulp from Responsible Sources, and manufactured under the strict ISO14001 Environmental Management System.

Rua has printed, to order, a limited quantity of the FY24 Annual Report. It is also available to view at ruabio.com.



IRUA

B I O S C I E N C E

ruabio.com