



## **Rua Annual Shareholders Meeting**

**04 November 2024**

**Address by Paul Naske, Chief Executive Officer**

Tena koutou katoa.

Ko Paul Naske toku ingoa.

FY24 was about continuing our strategy and beginning to deliver on a very focused strategy, of setting up sales channels in key markets, that we can fill with our unique genetics from Te Tairāwhiti, New Zealand.

As we now know, the medicinal cannabis industry in New Zealand, and all of our key markets, require focus, dedication and precision to be able to deliver and create a profitable business. We established the sales pipelines into the Australian market to create a new revenue stream and we continued to develop sales channels into the remaining three key markets. All this mahi is just now coming to fruition as you can see in the first quarter sales revenue of FY25.

FY24 saw Rua continue with its strategy to establish distribution channels into key markets around the world. Rua took this outward looking approach from the outset as we realised the importance of these large markets where we can achieve scale. Importantly also a breadth of revenue streams in different markets spreads the risk for the company going forward. In the last financial year period, we have been laser focused on each of these key markets.

### **Germany**

Germany remains the largest and most developed medicinal cannabis market in Europe worth approximately \$800 million in 2023. In the last year, the market has undergone significant growth following changes to regulations in April this year. This change has removed cannabis medicines from the narcotic schedule which means doctors can more easily prescribe the medicine. This has increased demand considerably.

Rua brought new products to the market in July this year following a period of supplier and product qualifications. The product is now being very well received and we are looking to launch an additional product in November this year.

In March this year we extended our distribution agreement with Nimbus Health for a further three years and took the opportunity to extend the arrangement to other EU countries. This is a move that future proofs our European strategy as it allows Rua the opportunity to expand the footprint of its brand and distribution with a valued, competent partner.

### **Australia**

During FY24 we established and consolidated our operations in Australia. In August 2023 the company took delivery of our very first product and made it available for sale throughout pharmacies in Australia.

During the financial year we increased our portfolio, and we introduced these products to an increasing number of distributors to expand the exposure of these products to doctors, clinics and pharmacies.

In December 2023 we appointed John Sanders to the role of Chief of Sales and Marketing based in Australia which was a commitment to ensuring we had a deeper understanding of the local dynamics. Over the period John reinforced relationships and helped establish the brand in Australia. This culminated with the launch, just

two months ago, of our first product using unique legacy genetics sourced from New Zealand. Sales of this product in Australia is a proof-point of our strategy.

It is fair to say that Australia is one of the larger medicinal cannabis markets in the world at approximately \$400 millions in value and it is growing. However, it is one of the easier countries in the world to export to and consequently there are many competing suppliers in this market. Rua is working to differentiate itself as being one of a few New Zealand brands and one of the only brands focusing on social impact as a point of difference.

### **Aotearoa New Zealand**

In parallel with the export strategy, Rua is also of course seeking to bring products to the New Zealand market. This market is obviously a much smaller market but extremely important to show case our products to New Zealand doctors and patients.

During FY24 we received approval for two new dried flower products, and it is these products which are being introduced to the NZ market in July and December of this year. We have another two products being assessed by the Ministry of Health currently. We expect these could be available for sale in FY25 although this is reliant on the Ministry of Health and their timeframe for approval.

### **United Kingdom**

The UK is a market which holds a lot of promise for medicinal cannabis. Currently the market is a similar size or slightly larger than the total New Zealand market, but with a population of 63 million we expect further substantial growth in this market as awareness amongst doctors and patients alike increases.

In FY24 Rua signed a distribution agreement with a company called Target Healthcare for the distribution of products in the UK market. Target are a specialist importer and distributor of non-registered medicines which is the category that medicinal cannabis falls under. Plans are well progressed to introduce products into the UK market, and we expect product to be available for sale before the end of this calendar year. Product has been manufactured and is now awaiting final export permits before shipping to the UK.

### **Impact Programme**

Medicinal cannabis in Aotearoa is a private payer medicine meaning it is out of reach for many and not an option. Many patients with a genuine clinical need can simply not afford it.

Our Compassionate Access Programme shares the benefits of medicinal cannabis with those in Te Tairāwhiti who are most in need. This is a programme that is fully managed by Rua and funded by ourselves and others. This year, through the support of suppliers and partners in our international network, we have been able to help up to 52 patients every month in the region. Special thanks to Schroll Medical of Denmark, Alphafarma of Malta and Trust Tairāwhiti in our region, for their support and funding to allow us to make this happen.

Rua's student scholarships are designed to celebrate the aspirations of local rangatahi, and help them to drive meaningful, sustainable social and economic impact in the communities of Te Tairāwhiti. In the last year we awarded 12 scholarships – congratulations to all the recipients. Since the inception of the programme, we have supported 39 students from the region with the support of Trust Tairāwhiti.

We continue to arrange industry exposure trips to Auckland and Wellington as well as our own facility. The purpose of these trips is to provide thought-provoking and challenging experiences to showcase potential career pathways for rangatahi. The visits involve our R&D partners at universities, Crown Research Institutes and other government agencies, and specialist businesses across New Zealand.

With the support of Trust Tairāwhiti and even local businesses such as Blackbee Contracting, we plan to continue working and supporting our rangatahi.

### **Greenhouse Gas (GHG) Emissions Report**

Measurement of our greenhouse gas emissions is part of our Sustainability Framework, and it is being used to drive decision making.

In FY24, external auditor Mylmpint completed a full greenhouse gas emissions report. This is now the third year that Rua has been measuring greenhouse gas emissions and we continue to make improvements; both in our emissions, but also in our accuracy of reporting.

Our Scope 1 and 2 emissions – our more direct emissions from our company, have reduced 20% year on year. Challenges remain with our Scope 3 emissions which are emissions that we indirectly contribute to through the purchasing of goods and services. On a comparable like for like comparison, Scope 3 emissions did reduce, however this is the first year that we measured the contribution of our purchased products which contribute significantly to Scope 3 emissions. Further measuring and monitoring will ensure Rua works to reduce overall emissions over time.

#### **Plans for FY25**

As we look forward to the remainder of FY25 we have solid plans in place and we are confident of revenue growth and expect to be upwards of \$3 million in customer revenue.

Our legacy genetics in Australia recently launched and we expect to have these in Germany in Q4. In addition, we also have a new product to be launched in Germany at the end of this month which we believe will be well accepted along with our current product. In New Zealand we will be launching a new product at the end of this month which we are expecting to be well received. Finally, as mentioned, we will be bringing products to the new market of the UK. We expect to have our first sales in this market before Christmas and this marks the beginning of what we think will be strong growth over time.

By the end of this calendar year we will have revenue streams in four key markets. This is significant and rewarding as these pipelines allow the platform to market Rua's unique brand proposition consistently into these markets and spreading risk for the investor.