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NZX Limited  
Wellington

Tuesday, 28 February 2023

## Rua Half-Year Result – Results as expected, with German launch imminent

Rua's highlights for the six months to 31 December 2022:

- **June** – Received first domestic revenues.
- **July** – Signed an agreement with European Medicinal Cannabis Distributor, Motagon to become its preferred Australia/NZ supplier of medicinal cannabis products.
- **July** – Announced the appointment of Teresa Ciprian as an Independent Non-Executive Director and the appointment of Anna Stove as Managing Director upon Rob Mitchell's retirement.
- **October** – Exported first cannabis genetics to Cann Group in Australia as the company further advance its end-to-end cultivation and supply chain solution at scale.
- **October** – Confirmed its first international order marking a significant commercial milestone for the export-focused company.
- **December** – Prepared for its first international product launch and continued its genetic discovery programme.

Rua Bioscience Limited (NZX: RUA) has today announced its financial results for the six months to 31 December 2022 (HY23).

The Group reported a net profit after tax of \$718,703 for the period ending 31 December 2022. Excluding fair value gain on contingent consideration of \$4,100,932, the Group incurred an operating loss of \$3,382,229. The results are in line with expectations as the company established its product and revenue pipelines and further positioned itself to compete globally.

### Developing Global Revenues - Launch-ready in Germany, Well-positioned in Poland

In HY23, the Group's primary focus has been on preparing for Rua's German launch, as well as establishing agreements in other high-value European markets.

Managing Director, Anna Stove, says market entry and first revenues are "tantalisingly close". She is optimistic about the Group's future in Germany. The largest and most developed medicinal cannabis market in Europe is expected to be worth around NZ\$755m by the close of 2023, and NZ\$1.4b by 2025.

"The working relationship we have with Nimbus Health is incredibly constructive and the quality of the Cann Group flower is outstanding. Our teams in Germany and New Zealand will ensure a seamless international launch of, what we believe will be, one of the highest THC dried flower medicines on the market. Alongside German appreciation of our kaupapa, we believe this will give Rua a significant competitive advantage on market entry," she says.

In the same period, the Group signed an agreement with European Medicinal Cannabis Distributor, Motagon becoming its preferred Australia/NZ supplier of medicinal cannabis products. Last week, Rua announced a subsequent five-year master supply agreement, which ensures Rua's access to key markets in Central and Eastern Europe. Of particular interest to Rua are Czechia and Poland.

Poland is described as one of the fastest-growing markets in Europe and is expected to be worth NZ\$92m by the close of 2023. In positioning itself as an early-mover, Rua expects to be one of only a few companies with access to this challenging but potentially lucrative market.

### Leveraging Rua's Global Scale

Rua's acquisition of Zalm has secured an end-to-end cultivation and supply solution, which the Group believes will prove a major competitive advantage. Through Cann Group, Rua has preferential access to substantial volumes of very competitively priced products, which allows Rua to build a meaningful market presence faster and with a greater economy of scale. This arrangement also gives Rua the ability to export its unique East Coast genetics currently under development by the company's cultivation team at Mangaoporo.

### Providing Quality Products for New Zealand Patients

Rua continued to support the health outcomes of New Zealand patients, providing a consistent supply of GMP-certified medicine. In HY23, the Group continued to work through New Zealand's complex commercial and regulatory environments to ensure that a pipeline of new products will be made available to patients. During this period, the company appointed a specialist medical science liaison who provides New Zealand GPs and Specialists with medicinal cannabis education and targeted prescription support. This role is focused on Rua's largest prescribing population, as well as supporting prescribers in Te Tairāwhiti.

### Advancing Unique Genetics

In HY23, the Group also advanced its genetics discovery programme, investing in the identification and supply of unique genetics that will form the basis of Rua's future medicines.

Rua's supply agreement with Cann Group ensures the Group has cost-effective access to GMP-quality medicines at a global scale. Stove says "long-term success will be contingent upon Rua's ability to build brand equity and valuable intellectual property through the development of unique genetics."

Throughout the period, the Group's cultivation and product development teams continued in-house discovery trials intended to identify unique and desirable genetics from plants within the company's extensive genetic library. In October, the company exported its first set of genetics to Cann Group. Rua anticipates many such exports will follow as the company advances a scalable end-to-end cultivation and supply chain that heroes plants with uniquely Rua cannabinoid and terpene profiles.

### Creating Impact

In Te Tairāwhiti, the Group continued to honour its social responsibilities.

During the reporting period, Rua maintained its Compassionate Access programme. Managed by local prescribers, the programme ensures patients in Te Tairāwhiti with genuine need, have access to Rua medicine at no charge. The company also maintained its community engagement programme with a focus on local rangatahi (youth). In this period, the company supported the aspirations of senior students in the areas of health, science, business and te ao Māori.

"The goal of our community engagement programme is to inspire and create opportunity for the next generation. For now, it is small but scalable. As we build sustainable revenues it will flourish," Stove says.

### Ensuring Rua's Future

In September, the Group undertook a strategic review, rightsizing Rua for future opportunities. The Board concentrated on strategy throughout HY23 and expects that work to deliver in the second half of the year.

"At our AGM, we made a commitment that we would scale up to meet the commercial milestones we promised our investors. Since then, Rua has been actively assessing the commercial environment, exploring where the true value lies and where our unique strengths can propel us.

"Our vision remains the same and our commitment to creating an intergenerational business remains strong, and we need to be flexible around our strategy and structure. We believe we now have the right focus and agility to encourage faster growth and ensure a sustainable future," Stove says.

### Outlook

The second half of the 2023 financial year will see the Group work at pace to expand its market presence in Europe and Australasia and to develop the unique genetics that will provide future brand and product differentiation.

Stove says, "with a strong focus on R&D, world-class regulatory expertise, a global-scale supply agreement, and established sales and marketing partnerships across Europe, we believe Rua is well positioned to compete on the global stage".

### Subsequent Event - Cyclone Gabrielle

Rua's operations suffered minor disruptions in the wake of Cyclone Gabrielle.

In Gisborne, Rua's head office and manufacturing facility were closed. Neither site sustained damage, but water and connectivity issues presented major challenges. With ample stocks of medicine available through Rua's distributor in Christchurch, there were no supply disruptions.

Rua's R&D facility at Ruatorea remained operational. The team in Ruatorea worked quickly to bed down Rua's R&D crops and worked tirelessly to keep the company's genetic catalogue alive and R&D projects thriving. As a result of their incredible efforts, Rua's indoor and outdoor grows remain on track.

Rua's main cultivation supply is off-shore and was not impacted.

Ends.

### **The person who authorised this announcement:**

Trevor Burt, Chairman.

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