



## **Rua annual shareholders meeting**

**11 October 2023**

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

Tena koutou katoa.

Ko Paul Naske toku ingoa.

I have worked for Rua, and alongside both previous CEOs Manu Caddie and Rob Mitchell, since 2019. I've held several roles in that time, including Chief Operating Officer and Chief Commercial Officer, and was honoured to be appointed Chief Executive Officer earlier this year.

As Anna mentioned, FY23 was a year of pivotal change for Rua. Together with the Board and the rest of the Rua team, we have been identifying where true value lies in the medicinal cannabis industry both in New Zealand, and around the world.

And as such we made critical decisions about our business, and also delivered on the long-held vision of revenues from export markets.

One of the most significant decisions we made this year was to close our local GMP manufacturing facility. It was a logical move from a business point of view, resulting in reduced overheads and expenditure, and underpinning our capital-light model.

But from a people point of view, it was an incredibly tough decision. I'd like to thank the team, who had worked on the establishment and operation of this facility, for understanding the rationale and helping us to achieve the right outcome.

Out of these key decisions, came clear focus on our strengths and a very clear strategy, which is to focus on genetic discovery at our R+D cultivation facility at Ruatorea; cultivate these genetics commercially with key supply partners; and distribute and market them in profitable medicinal cannabis markets around the world.

I will now take you through these different aspects of our strategy.

First of all, our unique Rua genetics. We undertake R&D and genetic discovery in Ruatorea, developing unique cannabis varieties.

For a number of years, our facility at Mangaoporo near Ruatorea has been cultivating and assessing a number of different varieties of cannabis from the illicit and legal markets. In New Zealand, unlike anywhere else in the world, the medicinal cannabis regulatory framework allows for the use of seeds and plants from the illicit market. This gives Rua access to some strains which are truly unique.

The work entails planting seeds, taking cuttings and growing out to full flowering plants, and then assessing each plant. We then hold the best of these and work with overseas cultivation partners to grow these genetics in a commercial GMP facility. It is these varieties, some of which we believe are unique to Tairawhiti for many years, which will be used in medicines in export and domestic markets.

During FY23, we successfully navigated the regulatory pathway to export some of these genetics to our cultivation and supply partner in Australia, thus establishing the pathway for future genetic exports. We are currently working on the regulatory pathway to export these genetics to Europe.

The cultivation and manufacture of GMP grade medicinal cannabis products requires significant amounts of capital and large through-put. Our decision to close our Tairawhiti-based GMP pilot-scale manufacturing facility builds on previous decisions to partner with large scale cultivation and manufacturing companies such as Cann Group and, more recently, Schroll. Working with other companies in this area allows Rua to grow and scale its volumes using its own genetics, in a capital-light, flexible manner.

Other companies are large scale, high quality, specialist GMP medicine manufacturing companies. There is a natural alignment and synergy to work with these companies.

Distribution of our products is of course critical.

This is an area that Rua has been focused on for a number of years. In FY21 we signed a sales and distribution agreement with Nimbus Health in Germany and during FY23 we realised our first revenues from Germany, with sales in the last quarter.

Distribution remains an incredibly important part of our strategy and we continue to establish and cement new and existing supply agreements with key distributors in key markets.

In FY23 we signed a 5-year supply agreement with Motagon in Czechia for supply into the growing markets of Poland and Czechia, and we also signed a Term Sheet with a specialist pharmaceutical distributor in the UK for a 2-year supply agreement.

Closer to home, we established sales and distribution channels in Australia and recently, in September, we achieved our first sales in the Australian market.

Having established these channels, we will ultimately fill these using our own genetics from Ruatorea, and marketing them as uniquely Rua.

From the outset, Rua has understood we must go global to support local.

We are focusing on high growth markets in Europe, as well as our neighbours Australia, which is one of the largest medicinal cannabis markets in the world.

FY23 saw Rua record its first international sales, with clear pathways to further revenue in FY24 from the key markets of Germany and Australia.

Germany is the largest and most developed medicinal cannabis market in Europe. It's projected to be worth more than \$700m by the end of this calendar year.

In April 2023, we successfully launched our first GMP-quality medicines in Germany and in June 2023, Rua generated our first international revenue from the sale of these products. This was alongside our distribution partner Nimbus Health, a specialised wholesaler and importer of cannabinoid medicines that is part of Dr Reddy's Laboratories.

The response to the product exceeded our expectations.

This is the culmination of many months of work to bring our brand and product to the German marketplace. With the pathway now established we will in time distribute the genetics from Rua's Ruatorea facility through this same channel.

Australia has long been a focus of Rua's export strategy, both for cultivating and distributing product.

During the second half of FY23 we established the pipeline for Rua-branded product to be sold in Australia, with company licences and distribution channels in place.

In August 2023 the company took delivery of its first product and made it available for sale. This begins to establish a strong sales presence in this country.

In FY23 Rua signed a five-year supply agreement with Motagon, and we aim to be early movers in the emerging markets of Poland and Czechia.

Poland is one of the faster growing medicinal cannabis markets in Europe. With no domestic cultivation, it is a major importer of dried cannabis flower. Our entry into Poland is being overseen by a world-class regulatory team, and a detailed product dossier was submitted to Polish authorities in March 2023. The product approval process is expected to take around 12 months, with revenue to follow.

Rua will also advance plans for Czechia, which is one of the most progressive medicinal cannabis markets in Europe.

In the UK, we are also working on establishing a pipeline into the smaller, but promising, UK market and recently we signed a Term Sheet with a key pharmaceutical distributor which progresses our plans in this market.

And now, at home in Aotearoa New Zealand, I would like to take you through our Impact Programme, which is truly a key reason why I, and the whole team at Rua, do the job we do.

The Impact Programme goes some way to fulfilling the original purpose of the company founders, Manu and Panapa. The Impact Programme, as the name suggests, is designed to make an impact in our community. It is part of our wider Sustainability Framework which includes broader sustainability goals such as greenhouse gas emission reductions. The Impact Programme is about using the resources of Rua to help young scholars and patients in our community.

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 11 scholarships – congratulations to all the recipients. A total of 27 scholarships have been awarded to date, with the support of Trust Tairāwhiti.

We guided four kura from Te Tairāwhiti through our genetics centre of excellence, providing them with a thought-provoking look at the future of locally developed cannabis IP and potential career pathways. We also facilitated a trip for local students to our R&D partners at universities, Crown Research Institutes and other government agencies, and specialist businesses across New Zealand. We have more planned for this year.

The Compassionate Access Programme shares the benefits of medicinal cannabis with those in Te Tairāwhiti who are most in need. Rua provides up to 30 local patients per month - who have genuine barriers to access and a clinical need - with access to fully subsidised and approved medicinal cannabis products. This process is managed by local GPs and prescribers.

And, we aim to do more of both of these programmes and continue to make Impact in our community. When Rua as a company grows, we will increase the number of scholars and patients in this programme.

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 company.

In FY23, external auditor MyImprint completed a full greenhouse gas emissions report and awarded Rua a certificate endorsing that we have achieved REDUCE status. This means that we are on the path of reducing our greenhouse gas emissions.

We now have two years of measurement and while total emissions have decreased, year on year, challenges remain. As Rua continues to expand its international business, travel emissions have increased accordingly. During FY24 Rua will set targets for reduction and consider some innovative ideas to help us achieve this.

Now that I've given you a comprehensive recap of our strategy and the past year, I'd like to wrap up by sharing our plans for the current year.

With all the foundations firmly in place, our strategic priorities are laser-focused on driving revenue growth.

This is how we will achieve our goals:

- Building on our early successes in Germany, we'll be working with our partners to grow sales and expand our product offering.
- We will continue to establish and cement a strong sales presence in Australia, and we look forward to providing updates on our progress here.
- Securing our entry into the profitable markets of Poland and Czechia, as well as the UK, is another key priority in our European expansion plans.
- In our Ruatorea facility, we are excited to be concentrating on R&D and genetic discovery. Simultaneously, we're progressing pathways to grow our unique East Coast genetics at scale overseas, particularly in Europe.

We're committed to maximising the potential of the emerging medicinal cannabis industry to enhance health, promote wellbeing, and underpin prosperity for the people of Te Tairāwhiti. As Rua continues to expand into export markets and build a sustainable business, this will in turn grow value for shareholders – and this is ultimately going to help us support more social impact programmes.

I'll now hand over to Liam Walker, our Virtual CFO, to give you a summary of Rua's financial results. But before I do, a little bit about Liam.

In June this year, Hamish White, our long time CFO of Rua Bioscience left the company to pursue other opportunities. Hamish has been critical to the progress of the company to date, would like to thank him for his massive contributions to the company right from the beginning.

BDO Tax and Advisory teams have been advising Rua for many years and were very familiar with our business and systems. Upon Hamish's leaving we reviewed the options and decided to engage BDO formally to undertake the CFO role and all associated tax and accounting work. I am very happy with our choice of Liam Walker from BDO as our Virtual CFO. Liam is a Partner at BDO, based in Auckland.