

# RUUA

B I O S C I E N C E

*We're doing medicinal cannabis differently*

## ***Investor Presentation***

Equity Raising | 6 November 2024

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## Information of a general nature

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## Effect of rounding

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# Pivotal time in Rua Bioscience's journey

- 1 Accelerating revenue in global markets**

Having established a capital-light model focused on intellectual property in genetics and regulatory expertise, Rua is now selling products in NZ, Australia and Germany through our distribution partners. The business is well positioned to quickly scale in those markets as well as a number of new markets. First sales into the UK expected within two months.
- 2 Secured global supply and cultivation agreements**

Cultivation and manufacturing are managed by trusted, best-in-class partners near key markets, enabling Rua to leverage established facilities. This global footprint ensures high quality products, mitigates supply risk, lowers manufacturing costs, and allows for efficient scaling with minimal capital investment.
- 3 We are now exporting Rua proprietary genetics**

Leveraging our expertise in successfully navigating regulatory requirements, we have recently commenced sales of New Zealand legacy genetics to supply partners. Rua genetics provide a point of difference which will support on-going demand in key international markets.
- 4 Cash flow breakeven during FY26**
  - The Company generated \$223k of revenue in the first quarter of FY25 (July – September) compared to total customer revenue of \$86k for all of FY24. Monthly sales are accelerating and the Company expects to achieve >\$3m of sales in FY25<sup>1</sup>.
  - Cash burn has significantly reduced to approximately \$0.3m per month (from ~\$0.6m in 2022) without compromising sales and marketing efforts.
  - Rua expects the business will become cash flow positive on a monthly basis during FY26<sup>2</sup>.
- 5 Capital raise to support revenue growth**

In addition to the expected sale of Rua's Gisborne property (either through the original or new purchaser), Rua is now seeking to raise up to \$3.1m through a pro-rata renounceable entitlement offer. Along with expected proceeds from the Gisborne property sale<sup>3</sup>, this is anticipated to be sufficient to fund Rua through to a self-sustaining position. However, if insufficient capital is raised under the entitlement offer and the Gisborne property sale is significantly delayed, Rua may have to reconsider its growth strategy, consider other avenues to raise capital or contemplate insolvency options.

<sup>1</sup> The Rua Bioscience Board believes it can achieve the forecast revenue based on customer sales to date, forward orders, current distributor market growth expectations and with timely entry into the UK market.

<sup>2</sup> Revenue and cash flow breakeven targets assume that the required capital is raised which is the purpose of Rua Bioscience's proposed equity capital raising.

<sup>3</sup> The Gisborne property was unconditionally sold for \$1.3 million which was due to settle on 30 October 2024. The purchaser subsequently failed to settle the purchase on the contracted settlement date and Rua is now considering its available options. See the recent NZX announcements for further details.

# Rua is doing medicinal cannabis differently in the NZ market

Rua operates in a targeted segment of the market with the lowest capital requirements. This means we can leverage our expertise to deliver scalable value with trusted partners.

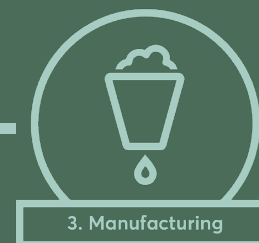
## Rua's point of difference relative to other NZ cannabis companies

- New Zealand cannabis companies have limited ability to compete globally in the cultivation & manufacturing part of the value chain due to the cost of manufacturing GMP medicines, low scale economies and our distance from key markets.
- Rua has therefore outsourced production to best-in-class global cultivation and manufacturing partners. This provides access to significantly higher capacity which is close to market and at a lower per unit cost, while avoiding the high capital costs of GMP manufacturing.



**RUA**

*Unique Genetics*



**RUA**

*Germany | Australia  
New Zealand | United Kingdom*

# Rua is now at a critical point in our development and we require shareholder support

- ✓ Have proved that our commercial model works
- ✓ Established critical cultivation, manufacturing and distribution relationships
- ✓ Incorporating Rua genetics into sought-after, branded products
- ✓ Growing revenue in key global markets, with repeat purchases & increasing demand
- ✓ Building sales momentum

Proposed \$3.1m capital raising critical to Rua's ongoing business:

- Additional funds required to increase working capital (purchase product to sell to our distribution partners) and maintain our current sales momentum.
- Provide bridge funding while the Gisborne property sale is progressed.
- With additional funds, Rua is capable of being NZ's most successful medicinal cannabis company.

Without raising the majority of the target proceeds under the rights offer, Rua's ability to grow and remain a going concern is severely limited:

- Increased solvency risks and constrained ability to meet ongoing financial obligations.
- Growth strategy will need to be revised or Directors may need to consider insolvency options if sufficient capital is not obtained.
- See Appendix B for summary of the key risks faced by Rua.

# Rua's genetic provenance

## The cannabis varieties we source are unique to Rua

- Connections to legacy growers provide access to unique varieties and genetics available only to Rua.
- Rua has an authentic local impact story:
  - We have accessed close to 100 illicit varieties from our community.
  - We cross varieties to identify new traits.
  - We work with legacy growers.

## Rua has a valuable advantage

- New Zealand regulations are unique on a world stage. It is the only jurisdiction which legally allows illicit strains into a legal framework.
- A significant portion of patients in all key markets are engaged and interested in different and unique strains. Our connections to community mean we have access to a valuable point of difference.



# Supply and cultivation agreements with highly reputable global partners

Canada



Denmark



Portugal



Malta



New Zealand



Australia



## Cultivation



Apollo Green



Kalyx

## Manufacturing



CANN  
GROUP LIMITED



International cultivation and manufacturing footprint reduces our risk of supply disruptions



# Established high-value branded product range



## Stage 1 – Sell branded products into large and established markets

Rua has a portfolio of branded products which are achieving sales in key markets now. Based on distribution arrangements recently put in place, sales revenues are expected to grow materially over FY25. Rua has created an innovative digital platform that allows a scalable clinic matching service for patients reaching out to Rua. This model can be used and scaled easily across all markets.

## Stage 2 – Introduce products based on unique Rua genetics into these markets.

Branded products based on Rua genetics have recently been introduced into the Australian market. Following completion of regulatory requirements and production trials, these products will also be manufactured by our supply partners and expected to be made available in the German market in late FY25.

# Leading global distribution partners will accelerate growth in international markets

nimbus  
HEALTH

## ***Nimbus Health – Germany***

- Highly respected Tier 1 Cannabis wholesaler and manufacturer within Germany.
- Fully licensed to undertake international importing and exporting activities.
- Now owned by Dr Reddy's Laboratories, a large multinational healthcare business.
- Agreement allows Rua to capture the growth expected in other western European countries.

## ***Australia***

- Multi-partner approach to diversify distribution across the large Australian market. Partners include generic pharmaceutical distributors and medicinal cannabis specialists.

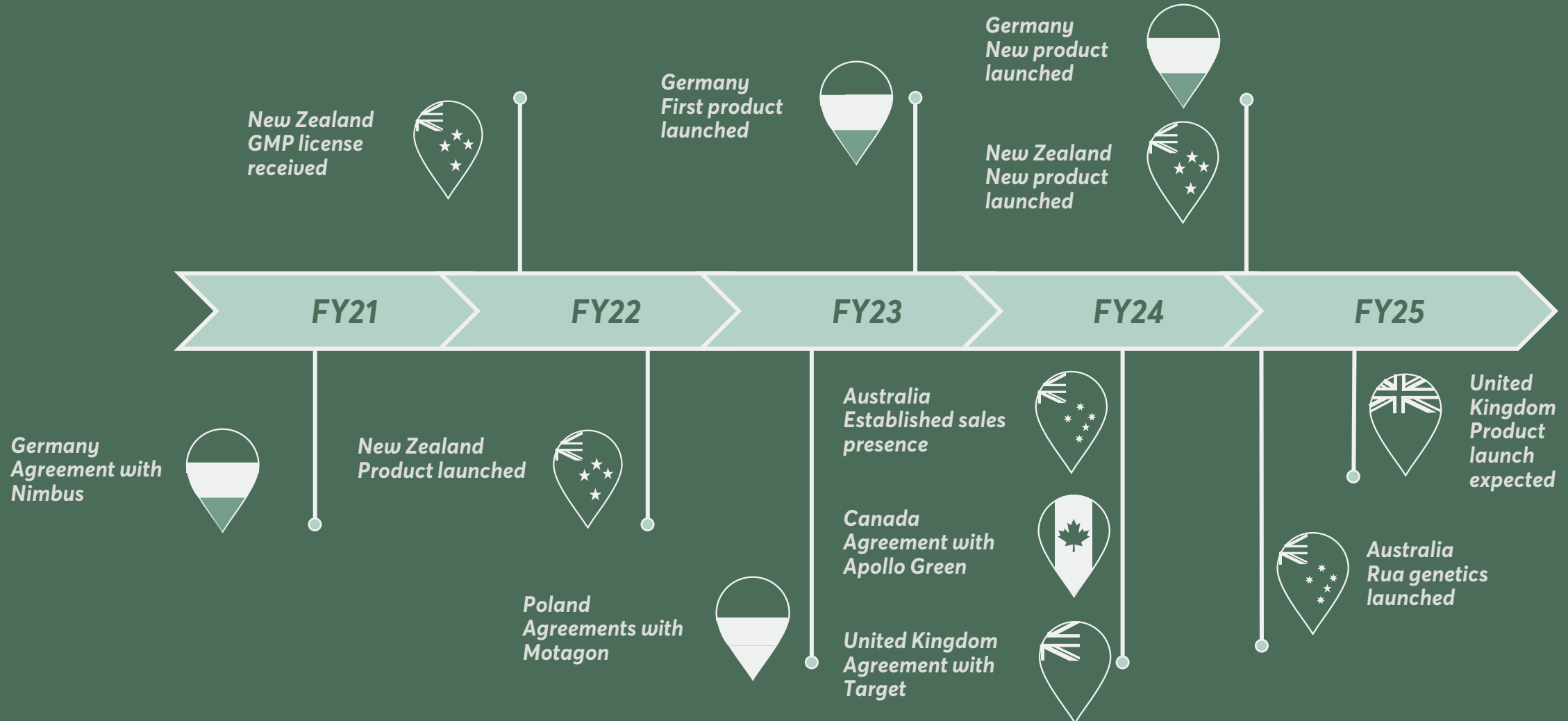
## ***Target Healthcare – United Kingdom***

- Experienced pharmaceutical distribution company that specialises in non-registered medicines such as medicinal cannabis.
- Considered one of the largest distributors of non-registered medicines in the United Kingdom.

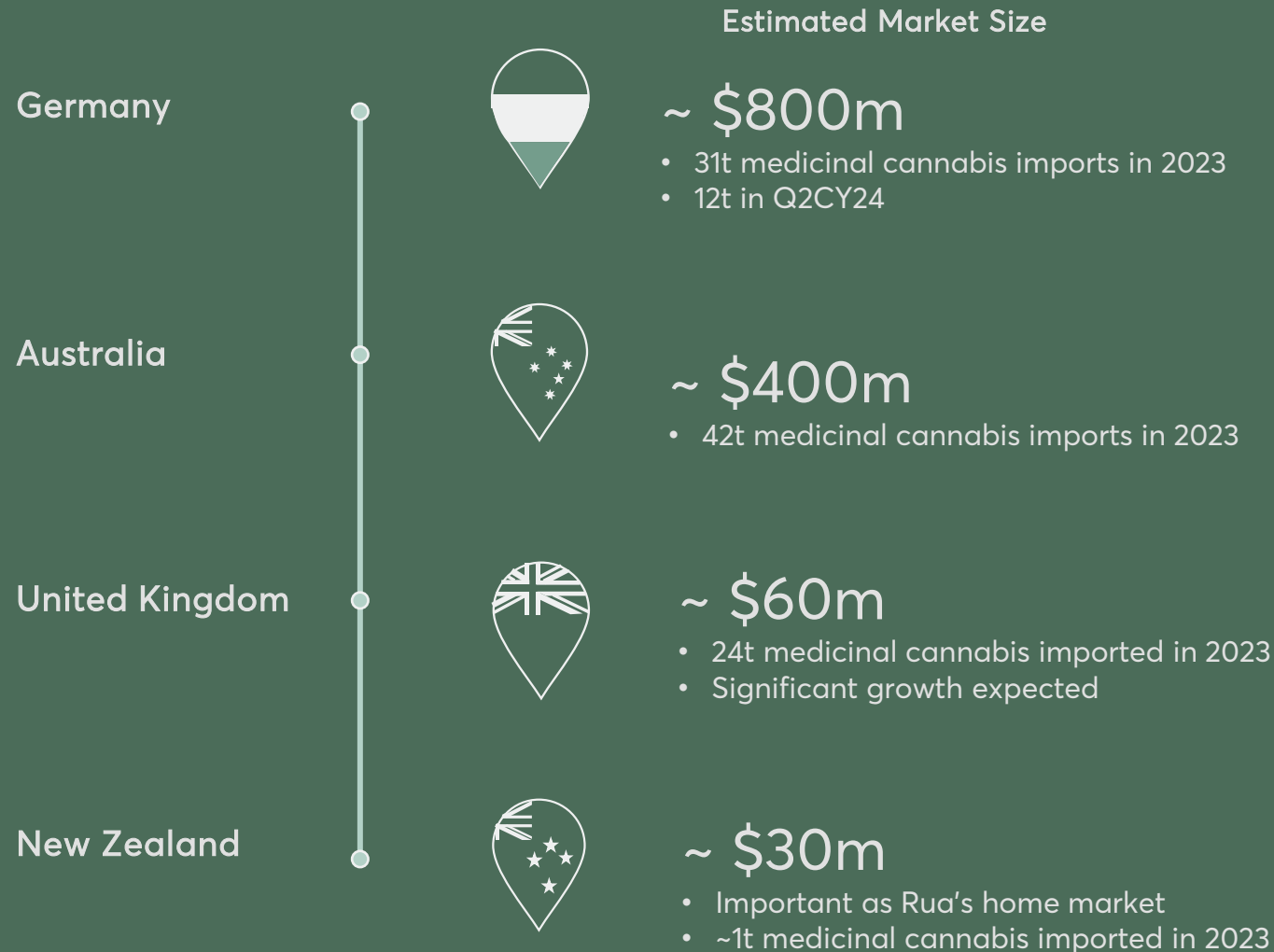


Target   
Healthcare

# Go-to-market sales strategy accelerating



# Targeting meaningful international markets



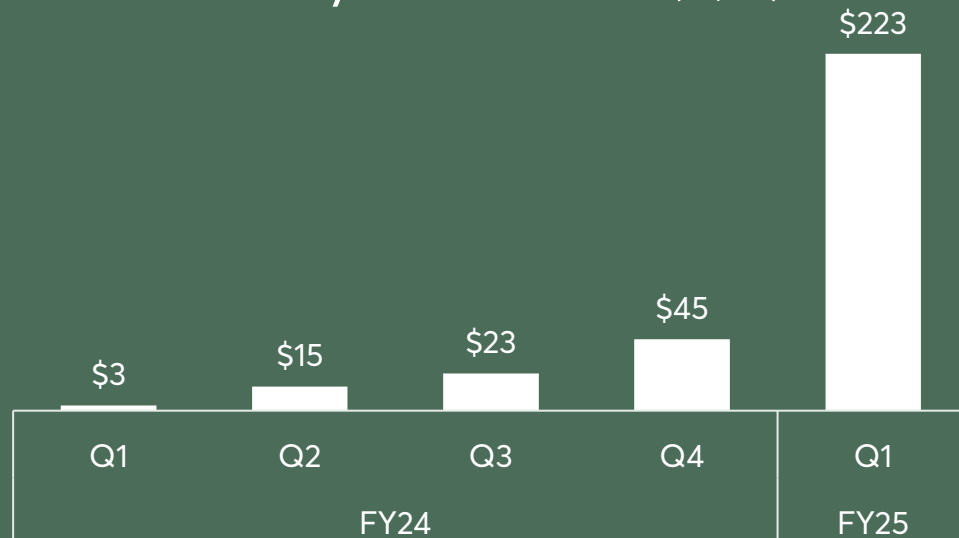
# Sales revenue is accelerating and expected to continue

Rua is only targeting large international medicinal cannabis markets as well as Aotearoa, New Zealand.

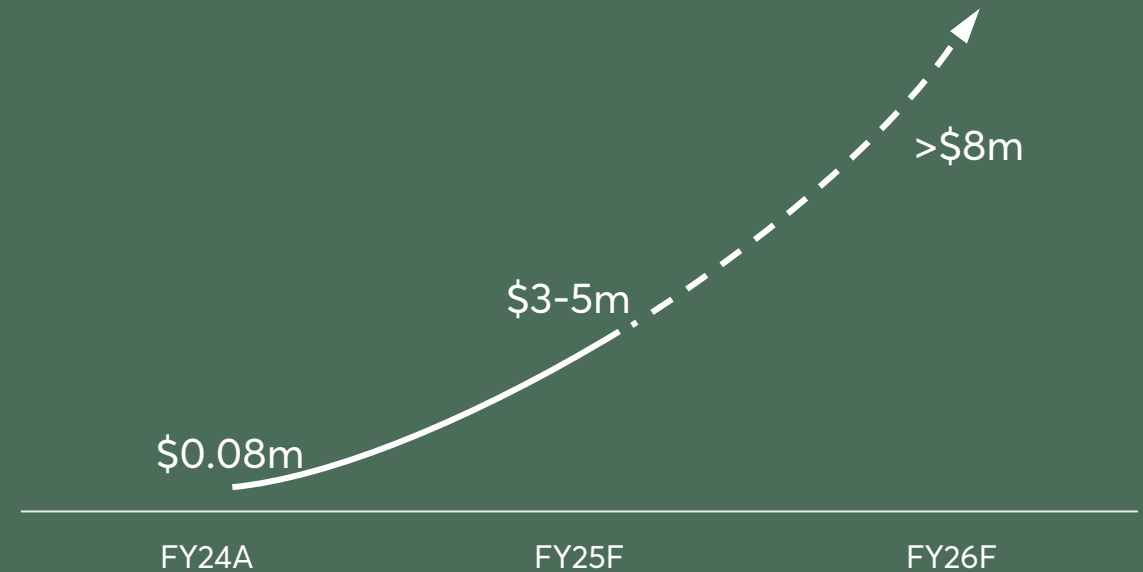
Sales momentum is accelerating with \$223k of sales (unaudited) in Q1FY25 vs \$86k over entire FY24.

Current demand largely constrained by Rua's ability to fund working capital (purchase of stock for sale through distributors).

### Quarterly Sales Revenue (NZ\$'000)



### Annual Sales Forecast<sup>1</sup>



<sup>1</sup> Forecast revenue based on customer sales to date, forward orders, current distributor market growth expectations and with timely entry into the UK market. Assumes Rua successfully raises sufficient capital under the entitlement offer to fund anticipated growth, including to fund sales and marketing and new product development.

# Our teams are experts at negotiating with international distributors and regulators

- We are a leading New Zealand company with a single global brand portfolio that can be showcased in a market with restrictive advertising.
- Social purpose is a key differentiator in a highly competitive market.

## Management Team

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*Paul Naske  
Chief Executive Officer*



*Emma McIlldowie  
Quality & Corporate Affairs*



*John Sanders  
Chief of Sales & Marketing,  
Australia*



*Susan Martindale  
Head of Regulatory Affairs*



*Dr Jessika Nowak  
Technical Director*



*Talmage Herbert  
Supply Manager*



*Porou Tawhiwhirangi  
Head of Cultivation*

# Rua delivers outsized community impact through targeted programmes

## Compassionate Patient Access Programme



Leveraging support from partners and local community, Rua are now supporting up to 52 patients each month by supplying medicinal cannabis through their Compassionate Access Programme.

86

Patients supported since April 2022

## Student Scholarship Programme

Through Rua's scholarship programme, assisting Te Tairāwhiti students through their studies, they have positively impacted

39

Students since 2020

# Offer Details

Offer Size and Structure	<ul style="list-style-type: none"><li>• 3 for 4 pro-rata renounceable entitlement offer to raise up to \$3.1 million</li><li>• Up to approximately 122.8m new Rua shares to be issued (75% of existing shares on issue)</li></ul>
Offer Terms	<ul style="list-style-type: none"><li>• \$0.025 per new share, representing a discount of 47.4% to the 20-day volume weighted average price of Rua shares traded on the NZX Main Board up to 4 November 2024</li><li>• The offer is renounceable meaning shareholders who choose not to take up their entitlements may sell some or all of their rights on the NZX Main Board between 12 November until 20 November 2024 (subject to sufficient demand for the rights)</li><li>• Shareholders who subscribe for their entitlements in full may also subscribe for any number of additional shares through the oversubscription facility</li><li>• Further terms of the rights offer can be found in the offer document dated 6 November 2024 and at the offer website: <a href="http://www.shareoffer.co.nz/rua">www.shareoffer.co.nz/rua</a></li></ul>
Use of Proceeds	All net proceeds from the offer will be used to fund Rua's ongoing operating expenses and working capital requirements and to provide bridge funding while Rua progresses the sale of the Gisborne manufacturing facility
Ranking	New shares issued under the Offer will rank equally in all respects with Rua's existing ordinary shares



# Offer Timetable

<b>Announcement of the Offer</b>	Wednesday, 6 November 2024
<b>Rights Trading Opens</b> (Rights trading commences on the NZX Main Board)	Tuesday, 12 November 2024
<b>Record Date</b> (for determining eligibility to participate in the offer and entitlements)	5pm, Wednesday, 13 November 2024
<b>Opening Date of the Offer</b> (including mailing/emailing of Offer documentation)	2pm, Thursday, 14 November 2024
<b>Rights Trading Closes</b> (Rights trading closes on the NZX Main Board at the close of trading)	Wednesday, 20 November 2024
<b>Closing Date of the Offer</b> (being the date by which applications and payment must be received)	Tuesday, 26 November 2024
<b>Announcement of Results of the Offer</b>	Thursday, 28 November 2024
<b>Issue Date</b> (for the allotment and issue of the new shares)	Monday, 2 December 2024
<b>Quotation of New Shares on NZX Main Board</b>	Monday, 2 December 2024
<b>Holding Statements Dispatched</b>	Monday, 9 December 2024

Appendix A

# *Market Outlook*

# Australia is now one of the larger medicinal cannabis markets in the world.

## Performance so far

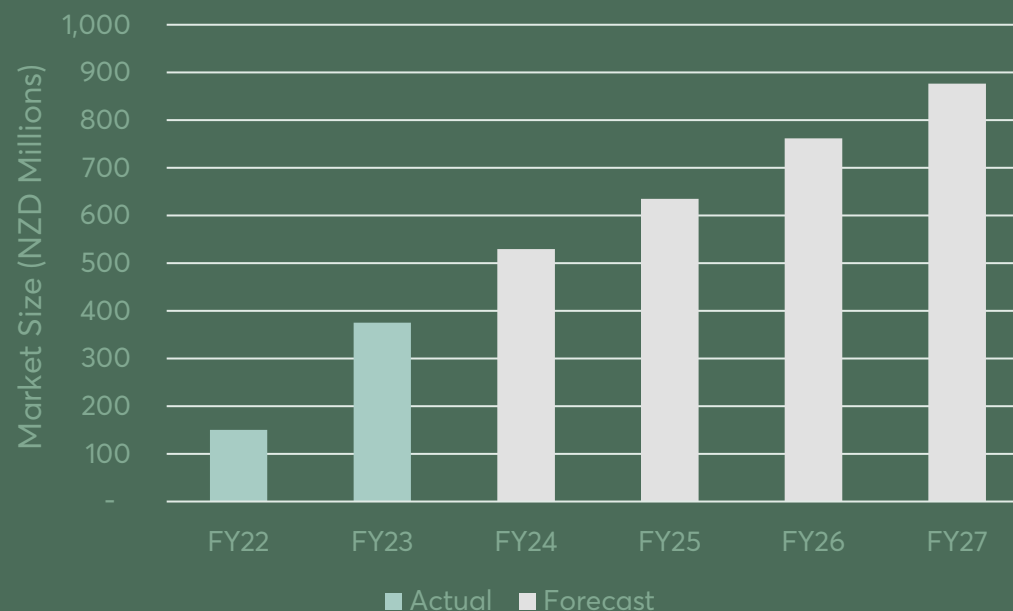
- In early 2023 Rua established the appropriate licences and operating structures in Australia to be able to sponsor and take branded products to market.
- The first Australian-based employee was appointed in January 2024.
- Product range was expanded in February 2024.
- A number of distribution agreements are in place and revenue is being generated.
- Rua products now available via key clinics.
- Products with New Zealand genetics launched in August 2024. This is expected to drive increased demand for other products.

## Looking forward

- Sales accelerating due to clinics accepting product on their formulary.



Australia Market size



Source: Penington Institute March 2023; Therapeutic Goods Association Data; assumptions of growth rate same as Germany

*We have launched into Germany at a time when regulatory changes are driving significantly increased demand.*

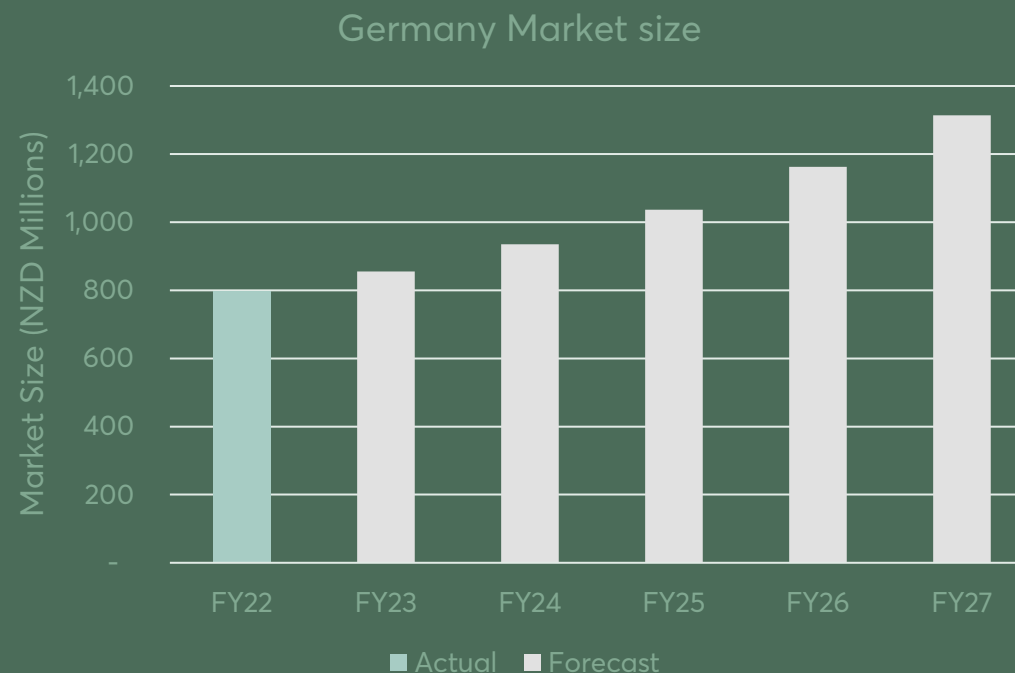


### Performance so far

- Signed distribution agreement with Nimbus Health in April 2020.
- Launched first dried flower products in April 2023. Initial strong sales revenue of \$268k in 3 months.
- Following the partial recall of product from Cann Group, RUA has established an additional supply channel via Alphafarma in Malta.
- Extended Nimbus distribution agreement for an additional 3 years and now covering additional EU markets.
- Activity in German market since regulation change on 1 April 2024 (when cannabis was removed as a narcotic and legalised for the possession for up to 25g of cannabis for adult use) is significantly outstripping expectations.
- New RUA products already in market.

### Looking forward

- New products being introduced in November 2024.
- Product with RUA genetics expected in 2025.



Source: BfArM Germany Federal Institute for Drugs and Medical Devices, Komand Consulting October 2023

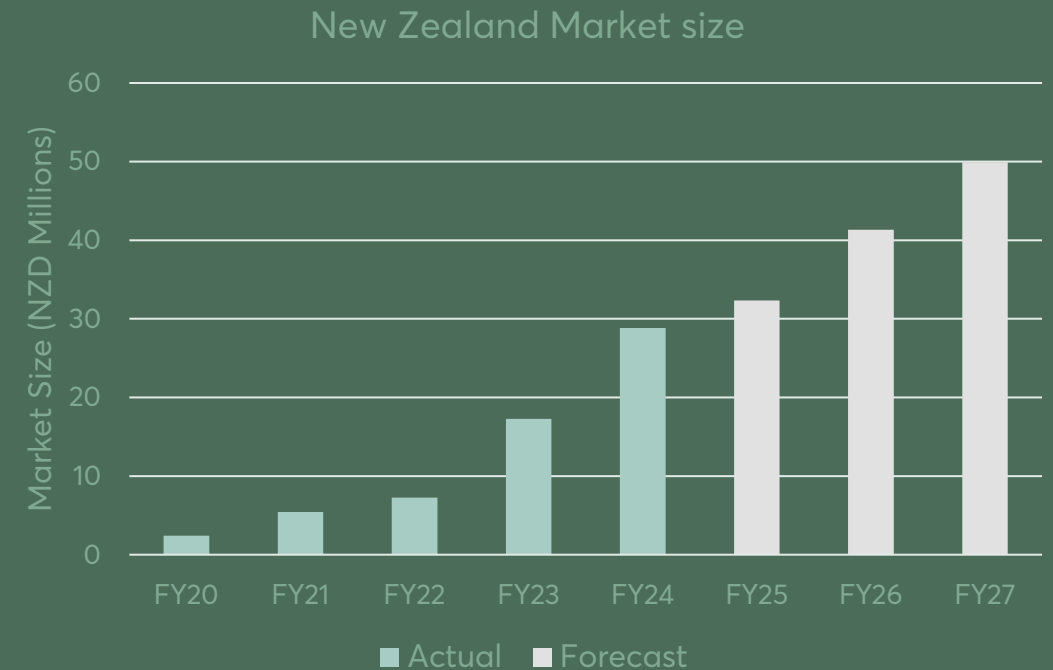
# Aotearoa New Zealand is our home market and important for our local community and patients.

## Performance so far

- Compassionate Access Programme established for Tairāwhiti patients in April 2022.
- New dried flower product approved February 2024.
- New dried flower product available from July 2024.

## Looking forward

- New product in market December 2024 with strong enquiries already occurring.
- Additional product approvals are being assessed by the Ministry of Health.



Source: New Zealand Ministry of Health OIA data.

# The United Kingdom is a market in its infancy which is projected to grow rapidly.



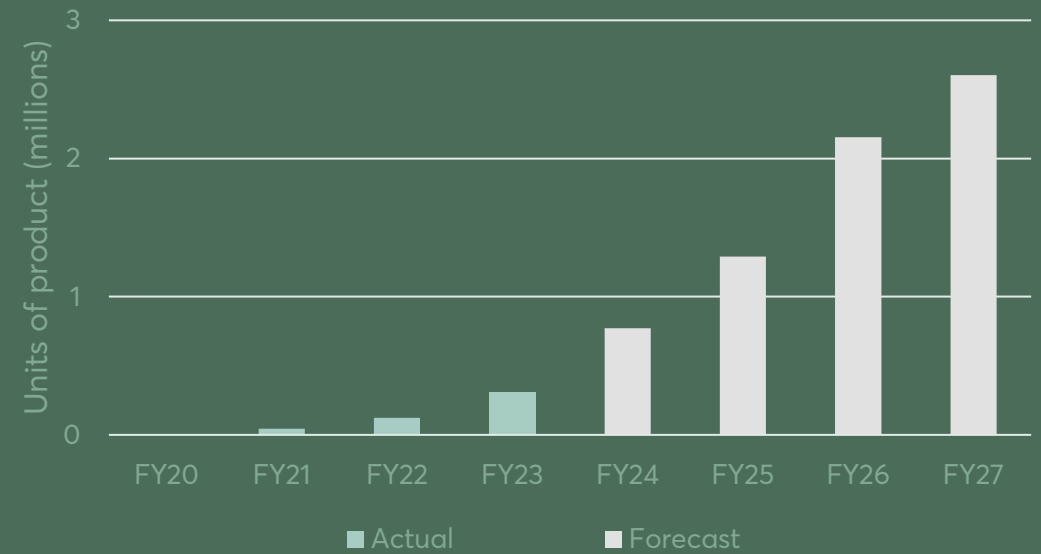
## Performance so far

- Agreement signed with Target Health in December 2023.
- Regulatory requirements underway.

## Looking forward

- First products expected in market approximately December 2024.
- Range includes Dried flower and Full Spectrum Oil products.
- Direct clinic contact via contracted BDM resource.

UK Market size



Source: Cannamonitor February 2022; Maple Tree Consultants Jan 2024, National Health Service UK BSA.

Appendix B  
***Key Risks***

# Risks and mitigants

Investment into Rua has risks. There is no guarantee of future payments of dividends or returns of capital. An investment into the Company is not risk-free; investors should consider this investment carefully.

The Directors strongly recommend that potential investors consult their professional advisers and consider the key risks described below. The following list of risks should not be taken as exhaustive of all the risks faced by the Company or by Shareholders.

## Solvency and Financial Risks

This is the biggest risk that the company faces right now. Without sufficient capital, it is very unlikely that Rua will be able to continue as a going concern and may need to consider insolvency options. Rua is also currently incurring operating losses and may encounter significant challenges in achieving profitability, with the potential for substantial future losses. To support revenue growth, Rua's operating expenses and working capital is expected to rise. Should revenue growth fail to adequately offset these increasing costs, Rua will remain unprofitable. Projected or anticipated sales may also not materialise, and if realised, may not be sufficient to secure profitability. Rua may therefore require additional funding to offset losses or maintain operations, and failure to secure such funding could heighten the risk of insolvency.

## Risk Mitigants

Rua is undertaking this capital raise specifically to mitigate this risk. However, the offer is not underwritten and does not have a minimum size condition. Therefore, there is no certainty of the amount of capital raised.

## Operational risks

Rua works with leading suppliers and distribution partners which carries risks associated with production, agriculture and supply chain. There may be supply disruptions which impacts on Rua sales and profitability. Reliance on third parties may have a significant impact on Rua if they fail to meet their obligations and Rua is unable to find a suitable replacement.

Rua works closely with suppliers and our experienced team strives to ensure that the required standards of quality are met.

## Market and Competitive Risks

As the medicinal cannabis market grows, so does competition. Rua must invest heavily to keep up, and failing to do so could weaken its competitive position. Alternatively, there is no guarantee that the market will continue to grow.

Rua has a very experienced team that networks within the industry internationally to stay abreast of trends. Rua also invests substantially in research and development, marketing initiatives, new product and market development, client acquisition, supply and distribution channels, and client support services to maintain competitiveness.

## Macro-economics and regulations

These factors are largely out of Rua's control. Changes in interest rates, inflation, exchange rates, and other economic factors beyond Rua's control can impact its financial performance. Also changes to government regulations may impact on Rua.

Rua operates in multiple jurisdictions which reduces this risk.





IRUA

BIOSCIENCE