


IRUA

B I O S C I E N C E

Te Ripoata ā Tau – Rua Bioscience
Annual Report 2021



A landscape photograph showing a range of mountains in silhouette against a sunset sky. The sky transitions from a pale blue at the top to a warm orange and yellow near the horizon. The mountains are dark, with some peaks showing small structures or trees. The foreground is a dark, forested slope.

Ko te pae tata kia waihangatia he rongoā hei whakapiki hauora mo nga tāngata katoa, ko te pae tawhiti, kia whakareia ake i te oranga o Te Tairāwhiti whānui.

Our vision at Rua Bioscience is simple – to create cannabinoid-derived medicines that change people's lives; from right here in Te Tairāwhiti.

Pohiritia ra nga Iwi - Haere mai ki Rua Bioscience Welcome to Rua Bioscience

In this report we introduce you to Rua Bioscience (Rua), review the strides we have made in the past 12 months, outline our current performance, and share our aspirations for the future.

We'll give you insight into our industry and the ever-changing environment within which we operate as an ambitious medicinal cannabis start-up.

We'll also explore our deep connection to Te Tairāwhiti and the responsibilities we carry as a company established to have a positive impact on our people and our whenua.

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 our report please email info@ruabio.com.

Nga Kiianga a nga Ringatohu Directors' Statement

The Directors are pleased to present Rua Bioscience Limited's Annual Report and Financial Statements for the year ended 30 June 2021. 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 17 September 2021 and is signed on behalf of the Board by



Trevor Burt
Chairman



Brett Gamble
Chair Audit and Finance

Rārangi Kōrero

Table of Contents

Directors' Statement	4
Note from our Co-Founders	6
Chairman's Report	8
CEO's Report	10
Our People	12
Board of Directors	
Senior Management	
Our Roadmap	16
Our Values	18
Our Strategy	20
Highlights for the Year	22
Scientific Insights	26
Industry Insights	28
Creating Value	32
Recruiting for the Future	38
Towards Sustainability	40
Community Engagement	46
Financial Statements	48
Code of Corporate Governance	94
Shareholder Information	114
Company Directory	120



We're focused on becoming a leading producer of medicinal cannabis formulations for patients at home here in Aotearoa and, ultimately, around the world. We have a social mission that sets us apart – the creation of sustainable economic opportunities for the people of our region.

He Kōrero mai i nga Kaiwhakaū

Note from our Co-Founders

Kia ora koutou, It is with much pleasure that we add our kōrero to Rua Bioscience's inaugural Annual Report.

With dedication and determination, Rua has gone from a dream to reality. While the environment within which we operate is ever-evolving, the company's mission remains constant – to maximise the potential of the emerging medicinal cannabis industry to enhance health, heal our lands and restore prosperity to the indigenous communities of which we are a part.

“We started with a dream to help our community by helping people everywhere”

- Co-Founders Manu Caddie and Panapa Ehou.

In creating a strong and prosperous future for whānau in our region and partners further afield, our commitment to innovation goes beyond scientific curiosity – we aim to embed it in everything we do, from our kaupapa and values to the relationships we have with cultivation partners, suppliers and the communities hosting our cultivation and manufacturing sites.

By choosing ethical business practices, we hope to influence the wider cannabis industry and create positive change in the communities in which we are involved.

We're excited by the progress the company has made so far. Though the company is still in the early stages of its commercial activities, we believe that with a clear vision, strategic partnerships and by working with the best people for the job, anything is possible.



Panapa Ehou
Ngāti Uepohatu, Ngati Porou
Director, Co-Founder
Kaiwhakaū / Ringatohu



Manu Caddie
Ngāti Pūkenga, Ngāti Hauā
Kaiwhakaū / Kaihautu - Innovation
and Regulation





Te Ripoata a te Heamana Chairman's Report

Tenā tatou katoa, rau Rangatira ma, kei te mihi. Ahakoa nga piki me nga heke o te tau, e whai tonu ana mātou o Rua i te ara i whakatakotoria i te timatatanga, te ara e whai ana i te oranga mo Te Tairāwhiti whānui.

This has been a transformational year for Rua Bioscience. We have achieved goals such as listing on the NZX, signing a sales agreement with a distributor in Germany, securing our commercial licence and supplier partners, developing our people, building facilities, working toward regulatory compliance and developing IP.

We have had the advantage of being able to leverage New Zealand's horticulture heritage to develop value from plant cultivation and genetics to build export strategies from seed to sale. With established global leaders and markets, we can assess international distribution partners on purpose, performance, and evidence before working with them.

There is potential for New Zealand's medicinal cannabis industry to become a contributor to our economy and export earnings, but there is a long road ahead. With the New Zealand market in its infancy, we have continued to lay the foundations to achieve our export strategy, provide a clear path to revenue and move into commercialisation.

Capital Structure

Our largest milestone to date was achieved in October 2020, when the company was listed on the NZX. We became the only NZX-listed company headquartered in Te Tairāwhiti, and the first founded by a Māori community. The IPO was oversubscribed and raised \$20m of new capital to fund the company's next stage of development, support the achievement of sustainable revenue and accelerate growth.

I am proud to share that, although the business is still young, our shareholding turnover has been relatively small. Our shareholders are on the journey with us. They understand that we are building long-term resilience, and this takes time. I would like to thank all our investors for their continued confidence in our business and express my gratitude for their ongoing support.

Our People

This year, our recruitment strategy saw us making key hires of people who know how to breed, grow, manufacture and commercialise plant-derived pharmaceuticals. The New Zealand biotechnology sector is small and only a fraction of the global cannabis industry produces pharmaceutical-grade medicines. So, recruitment of expertise can be a challenge, but, equally, New Zealand's reputation, lifestyle and our opportunity to become world-leaders in this industry has seen us attract international talent to Te Tairāwhiti.

Recruiting Chief Commercial Officer, Dr Andi Grant and Product Development Manager, Dr Dawn Smith were important new hires for the business. The company's credibility in the pharmaceutical space relies heavily on building our people to spearhead our research and development (R&D) programme, which is fundamental in getting the company towards commercialisation.

International Markets

Our business remains focused on its 'doable' export strategy. In July, we signed a sales agreement with Nimbus Health, an independent pharmaceutical wholesaler in Germany. Under the agreement Rua is the exclusive New Zealand supplier to Nimbus; together we will bring unique cannabis medicines to German patients.

Consumption of medicinal cannabis is now legal in over 40 countries. The market is expected to be worth over \$62.6b by 2024¹. With New Zealand being just a small part of that, it's important that we connect our cultivation expertise and good horticultural practices with experienced international suppliers who can distribute our product further afield. Germany is an extremely strong market, with annual sales of flower in 2021 exceeding those in 2020 by more than 30%². Whilst our strategy includes identifying other high-growth international markets, Germany

remains a core pillar in our strategy and will be key to our future financial performance.

Good Manufacturing Practice (GMP)

GMP certification of Rua's products and facilities is a pre-requisite for both local and export sales into global markets. It is the global standard for all pharmaceuticals and achieving this will ensure that we can manufacture a product that is consistently safe and of pharmaceutical grade quality. It is a milestone the business has been working towards for more than two years. In November 2020, we began the formal certification process, working closely alongside Medsafe and we remain confident that we will be granted our certification.

Cultivation Partners

We remain committed to building our cultivation partner network to supply us with additional high-grade cannabinoid material to enable us to expand production. This strategy allows the company to keep its focus firmly on its manufacturing, research and development, building intellectual property and securing partnership agreements with high-growth markets. We have laid the foundations to build a cultivation partner network and this will be a key focus for the year ahead.

NZ Medicinal Cannabis

As a sunrise industry, the medicinal cannabis sector is populated by a large number of developing businesses seeking to establish each of their positions, with most focusing on developing cultivation capability. With the ongoing capital requirements considerable, we can assume that not all will succeed. Those that do will need to develop differentiated product and access international markets, which requires meeting stringent GMP standards. As a result, we will likely see some consolidation of the industry. Rua is in a strong position to lead the sector and further strengthen its core capabilities.

On behalf of the Board, I would like to express thanks to all our staff, shareholders and partners. It has been a year of transformation and growth, set against a challenging backdrop of the industry's evolving regulatory environment. We look forward to the year ahead, delivering key milestones across the seed to sale journey.

Trevor Burt
Chairman

¹ Prohibition Partners - "The Global Cannabis Report"

² Market Data - The German Cannabis Market - Q2 2021.



Te Ripoata a te Kaiwhakahāere CEO's Report

Tēna tatou e hika ma, ko te hao o te ngākau e noho ora ana koutou katoa. Kei te mihi ki a koutou e tautoko ana i tenei kamupene. Kei te kōkiri tonu mātou i te kaupapa i wawatatia mo te kamupene, ā ki taku titiro he tōtika te hāere o te waka, kei te anga whakamua matou o Rua.

Our focus at Rua Bioscience over the last 12 months has been on developing new products and markets, optimising our cultivation and processing capabilities, creating unique plant and product IP all while developing the capability and capacity of our team.

Despite the many challenges we have faced, we are pleased with our progress as we prepare to enter local and global medicinal cannabis markets and begin to develop long-term opportunities across the medicinal cannabis value chain.

Global Export Strategy

Our focus on the German market as our first export opportunity continues to be reinforced as the right decision, with record amounts of dried flower (9,249 kg in 2020)³ being imported into the country. It is estimated that over one million German cannabis patients will have access to medicinal cannabis by 2024 and that the market will be worth 7.7b by 2028⁴. We have teamed up with Canadian consulting company KOMAND, who are experts in cannabis business strategy as we look to further develop our strategy in Germany and look for new market opportunities across Europe and Asia Pacific.

GMP Certification

Closer to home, the New Zealand Medicinal Cannabis Regulations came into effect on 1 April 2020, operationalising the Medicinal Cannabis Scheme. Meeting the minimum quality standards has been challenging for both local and international companies in

³ BfArM (The German Federal Institute for Drugs and Medical Devices).

⁴ Forbes, 2021. How Big Is Germany's Medical Cannabis Market?

the sector delaying the availability of new products in New Zealand. We began our GMP certification process in November 2020 and, while achieving GMP certification has been considerably slower than we had originally anticipated for several reasons, many of which were outside of our control, we are confident we will obtain final approval soon.

Cultivation and Supply

Cultivation at our indoor facility at Mangaoporo, near Ruatorea, is progressing well and as planned. We have also completed an outdoor study cultivation trial, which is now being expanded upon. We have always been clear on the importance and need for cultivation partners to expand our capacity and increase biomass supplies. We have a number of MoUs and small supply agreements in place with a variety of cultivators as we look to test and develop different cannabinoid products. This will also allow work to expand in our manufacturing facility as we look to extract, test and develop full spectrum oil products.

Research and Development

Research and development is a critical component of the pharmaceutical industry value chain. To this end, we have a number of collaborations in place with universities, government and private institutions. Most recently, we announced a ground-breaking, two-year research programme with the University of Waikato to investigate the application of hyperspectral technology in the cultivation and assessment of medicinal cannabis, potentially paving the way for Rua to enter New Zealand's booming agritech sector. Current testing methods present significant challenges for commercial cannabis growers as they require destruction of the flower, are expensive and, with a longer time to turn around results, delays decision making. If this technology works in the way we expect, it has the potential to revolutionise our own cultivation practices and transform how the international medicinal cannabis industry manages, assess and qualifies its crops.

Our People and Community

Rua was founded in Ruatorea to support local economic development and we remain committed to Te Tairāwhiti. In FY21 our recruitment strategy has focused on two equally critical components, firstly

building a capable, qualified and committed team that will propel the company towards commercialisation of our products, and to create highly skilled and well paid opportunities for the people of Te Tairāwhiti.

We have attracted a number of highly skilled people in the last 12 months including Dr Andi Grant as Chief Commercial Officer, Dawn Smith as Product Development Manager, and Len Walker as Head of our Cultivation facility at Mangaoporo. Of the company's 30 team members at FY21 year end, 15 have whānau connections or whakapapa to Te Tairāwhiti. These team members work at all levels of the organisation.

Looking Ahead

While the company's primary commercial focus is on developing global markets we have always been committed to supporting a sustainable sector here in Aotearoa. As the market develops, we believe a profitable, sustainable and patient-focused New Zealand industry would benefit from some simple regulatory changes.

They include:

1. Subsidies for cannabis-derived medicines.
2. Provisional consent for medicines with Phase 1 and Phase 2 clinical trial data.
3. The availability of low dose CBD as a pharmacy-only medicine.
4. ACC and MSD⁵ funding of legitimate medicinal cannabis prescriptions for their clients.
5. Government recognition of the production standards and requirements of each export jurisdiction on a case-by-case basis.

Rua Bioscience is a pharmaceutical company aiming to be a leading producer of cannabinoid derived medicines. The company has a focused and realistic export strategy, with a clear path to revenue and a view extending along the medicinal cannabis value chain. Proceeds from the IPO continue to fund our next stage of growth, building long term-resilience and accelerating growth.

We are excited by the next phase of our journey and what lies ahead, possible because of our committed stakeholders and partners. In particular, thank-you to the entire Rua team: the Board for your guidance and support, the team for your dedication and commitment, and the unwaivering support of your whānau.

Rob Mitchell
CEO

⁵ Accident Compensation Corporation and Ministry of Social Development.

Te Poari Ringatohu Board of Directors

Rua Bioscience's Board of Directors brings together some of New Zealand's most experienced business people who collectively have the skills and attributes to govern the Company in the interests of shareholders. They possess a wealth of domestic and international expertise and are heavily invested in the Rua kaupapa.

**Trevor
Burt**



Independent Non-Executive Chairman

Heamana Whakatū Pū Wehe Kē

BSc Chemistry

Trevor brings extensive corporate executive and governance experience to Rua Bioscience, having served in global executive roles with a Fortune 500 company, on the boards of innovative agricultural companies such as NZX-listed PGG Wrightsons, Silver Fern Farms and Market Gardeners NZ, and as Chair of Lyttleton Port and Ngai Tahu Holdings and the New Zealand Lamb Company. Trevor was appointed as Director and Chairman of Rua in August 2019.

**Anna
Stove**



Independent Non-Executive Director

Ringatohu Whakatū Pū Pehe Kē

Dip Nursing

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, the Asia Pacific and Europe, most recently as NZ General Manager for GlaxoSmithKline. She has a strong passion for improving the quality of life for all and to improve the outcome of businesses through driving strategic growth and best practice governance.

Anna is a Director of Pacific Edge Ltd and Deputy Chair of TAB New Zealand. Her previous governance roles include Chair of Global Women NZ, Director of Medicines New Zealand, Vice-Chair of Pukekohe Park and Vice-Chair of Shooting Star Hospice built in London, UK. Anna has been a director of Rua since May 2019.

**Martin
Smith**



Independent Non-Executive Director

Ringatohu Whakatū Pū Pehe Kē

BCom Marketing, MInstD

Martin is a professional director with more than 25 years' experience in the consumer goods sector. He is the former Chief Executive of L'Oreal NZ and is a previous Regional Director for L'Oreal Asia Pacific, Western Europe, Africa, India and the Middle East. He has worked in London, Paris and Shanghai. Martin was also on the board of a leading NZ cancer charity for several years. He is a graduate of the University of Michigan Advanced School of Management, a commerce graduate of the University of Auckland and a Member of the NZ Institute of Directors. Martin has been a Director of Rua since November 2018.

**Brett
Gamble**



Non-Executive Director

Ringatohu Whakatū Pū Wehe Kē

BCom Accounting and Finance,
Chartered Accountant (CA)

Brett is an investment and finance specialist with global connectivity having lived and worked in USA, UK, Australia, and New Zealand. He is currently CEO of Tailorspace and Executive Director of Alvarium Investments (NZ). Brett is also a current Director of Alvarium Investments Australia, Mike Greer Homes, Mojo Coffee and Mobile Medical Technologies and was previously Chair of Enable Networks and a director of Southbase Construction. Brett also Chairs a South Island based cancer charity Chalky Carr Trust. Brett was appointed a Director of Rua in November 2019.

**Panapa
Ehau**



Executive Director, Co-Founder

*Kaiwhakaū / Ringatohu
Ngāti Uepohatu, Ngāti Porou*

BBS Management, PG Dip Marketing

Co-founder of Rua Bioscience, Panapa also 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 numerous for-profit and charitable organisations. Panapa lives in Te Tairāwhiti and has a focus on developing economic opportunities alongside his people. He has been a Director of Rua since its inception in October 2017.

Ngā Pou Matua

Senior Management

Our Executive Team strives for operational excellence with an unwavering focus on our company's crucial deliverables.

**Rob
Mitchell**



Chief Executive Officer

Kaiwhakahāere Matua

PG Dip Business

Rob is a highly experienced senior executive, having spent over 35 years in leadership roles for major global pharmaceutical companies, based both overseas and in New Zealand. He was a Senior Vice President, Head of Asia Pacific for The Medicines Company and Senior Vice President, Global Innovation Group Leader – Infectious Disease, based in New Jersey, USA. Prior to that Rob spent 18 years with Swiss pharmaceutical company F Hoffman La Roche (Roche), including roles as Managing Director of Roche Products (NZ), General Manager Roche Thailand and most recently as Head of Global Product Strategy, Roche based in San Francisco. Before joining Rua, Rob was CEO of NZ diagnostic healthcare start-up Caldera Health Limited. Rob started with Rua in February 2020.

**Manu
Caddie**



Innovation and Regulation, Co-Founder

*Kaiwhakaū / Kaihautu - Innovation and Regulation
Ngāti Pūkenga, Ngāti Hauā*

BDes, PG Dip Education

As a member of the Ministerial Advisory Group that developed the regulations for New Zealand, Manu has been recognised as one of New Zealand's most trusted authorities on medicinal cannabis. He has represented New Zealand at the United Nations, has contributed to the development of regulations in other countries, presented at the UK House of Commons and at a range of global cannabis and pharmaceutical industry events. Manu has been elected three times by industry peers as Chair of the New Zealand Medical Cannabis Council. As Co-Founder and first CEO, he recruited a skilled team to establish Rua Bioscience as a sustainable business with global reach. Manu became an employee in August 2018.

**Hamish
White**



Chief Financial Officer

Āpiha Kaiwhakahāere Pūtea. Ngāti Ruanui

CA, BCom, PG Dip Business

Hamish grew up on a sheep farm in Te Tairāwhiti and is a Chartered Accountant with previous roles in business advisory, assurance and information systems for PwC and BDO. He is experienced in working with start-ups and has been deeply involved in developing the NZ cannabis industry. Hamish joined Rua in August 2018.

**Paul
Naske**



Chief Operating Officer

Āpiha Kaitohutohu Matua

BSc, PG Dip Business

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. In his current role at Rua, Paul is responsible for the development of the GMP facilities and managing aspects of the company's day-to-day operations. Paul joined Rua in February 2019.

**Dr Andrea
Grant**



Chief Commercial Officer

Āpiha Kaihoko Matua

PhD Molecular Neurobiology

Andi has carved out an international career commercialising medical innovations in the pharmaceutical and biotech industries. She came to Rua from Janssen Cilag Pty NZ, where she was the Market Access Manager commercialising innovative medicines for NZ patients. Her global experience includes senior business development roles at Incyte and Galapagos, as Management Director of Living Cell Technologies and at Roche as Government Affairs and Public Policy Manager. Andi joined Rua in June, 2021.

**Dr Jessika
Nowak**



Chief Research Officer

Āpiha Kairangahau Matua

PhD Food Microbiology

Born and raised in Germany, Jess joined the team at Rua, having discovered the East Coast while travelling. Jess started her career as a pharmacist in Germany, having gained a licence to practice as a Pharmacist after completing her studies at the Eberhard Karl University of Tübingen in Germany. She started her PhD in Pharmaceutical Technology in Austria, developing new drug delivery systems, and completed her PhD in Food Microbiology at Massey University. Jess came to Rua from Leaderbrand in 2019.

Te Ara o Rua Our Roadmap

Rua Bioscience was born out of a desire to increase the wellbeing of whānau and the whenua by providing sustainable, safe, well-paid employment to the people of Te Tairāwhiti, particularly Ruatorea.

Our story began in 2015 when Hikurangi Takiwa Trust (a local hapū entity) was looking at ways to contribute to local wellbeing. The hapū focused on education, Te Reo me ona Tikanga and conservation projects, but economic development was the elephant in the room. Two key issues were pressing - how to create more opportunities for whānau to earn good incomes and how to create the types of jobs that would attract whānau home to live on the whenua and close to their marae.

After a series of community hui, five locals (including Rua Co-Founders Manu Caddie and Panapa Ehau) agreed to form a social enterprise - Hikurangi Enterprises Limited (HEL). With a focus on high value, environmentally sustainable opportunities, HEL set about researching Kānuka and Kina.

HEL created a partnership with New Zealand Nutraceuticals Ltd (NZNL), a company co-owned by Manu Caddie. The new partnership was called Hikurangi Bioactives Limited Partnership. With additional Government funding, research was undertaken and progress made towards commercial opportunities including hemp, which HEL was licensed to cultivate in 2016.

And the rest, as they say, is history...

20 18

Hikurangi



JAN ► HCCL renamed Hikurangi Cannabis Company.



AUG ► First private company in NZ to receive a research licence.



AUG ► Research/breeding programme established in Ruatorea.



AUG ► **\$2M** of capital raised from Waiapu Investments Ltd. via crowdfunding.



NOV ► **\$7M** of capital raised from wholesale investors.

20
19

IRUA
BIOSCIENCE



OCT ▶ HCCL
renamed and rebranded
to Rua Bioscience.



DEC ▶ Govt passes
regulatory scheme for
medicinal cannabis in
New Zealand.



DEC ▶ **\$4M** additional
capital raised.

20
20

FEB ▶ **\$3M** of capital
raised from WIL via
crowdfunding.



MAR ▶ Binding
sales agreement with
Nimbus Health.



AUG ▶ Gisborne
manufacturing facility
completed. Commercial
licence to grow and supply
cannabis-derived medicines
granted.



OCT ▶ Ruatorea cultivation
facility commissioned.



OCT ▶ **\$20M** of additional
capital raised at IPO.



NOV ▶ Rua began its GMP
certification process.

20
21

FEB ▶ First trial export
to Germany.



APR ▶ Recruited Chief
Commercial Officer Andi
Grant, who commenced
her position in June.



MAY ▶ Recruited
Product Development
Manager Dawn Smith.



JUN ▶ Hyperspectral
Imaging project with
the University of
Waikato announced.

Nga Uara Our Values

These pou underpin everything we do as a successful, sustainable and trusted partner that creates value for our people.

Ponotanga

We value diversity and act with integrity.

Whakawhanaungatanga

We collaborate for success.

Māuitanga

We're future-focused, celebrating courage, curiosity and innovation.

Oranga

We're passionate about the health of whānau and our whenua.



Frazer Elliott
Ngāti Porou

Process Operator

A peek inside the restricted area of our Gisborne-based facility.

Te Rautaki o Rua

Our Strategy

Strategic Focus

Objectives



Creating Unique Product and Plant IP

- Create unique, sustainable and protected IP and cultivation techniques
- Develop commercially viable varieties of cultivars
- Use research partners to develop IP



Developing New Products and Markets

- Create new, protected product formulations
- Develop new, attractive markets
- Achieve sustainable revenue



Optimising Cultivation and Processing

- Achieve operational excellence in cultivation and processing techniques
- Develop cultivation partnerships to expand production
- Obtain licences and approvals for all processes, products and markets



Developing our People

- Build a capable and committed team
- Create employment pathways for Te Tairāwhiti residents



Pete Sollitt
Ngāti Porou
Grower Technician

Darylene Rogers
Ngāti Porou
Kaiarahi, Community Engagement Coordinator

With dedication and determination, Rua Bioscience has gone from a dream to reality. While the environment within which we operate is ever-evolving, our mission remains constant – to maximise the potential of the emerging medicinal cannabis industry to enhance health, heal our lands and restore prosperity to the indigenous communities of which we are a part.

Impacts



Our customers have a trusted, high value range of New Zealand cannabinoid medicines.



Our people have the best job in the world in the best place in the world.



Rua Bioscience is a trusted partner that is sustainable, successful and creates value for our people, communities and shareholders.



Nga Piki o te Tau

Highlights for the Year

Māwhiti mai ki nga Hua Nui

Results at a Glance

In FY21, Rua built solid foundations for growth – developing the partnerships, places, processes and people we need to create a sustainable medicinal cannabis business model. Our commitment to creating shareholder value has seen us working on two fronts - preparing to enter local and global medicinal cannabis markets in 2022 as well as developing long-term opportunities across the medicinal cannabis value chain.



Cash and
Investments

\$16.4M



Funds Raised

\$20M



Other Income

\$451K



Investment in R&D

\$1.9M



Investment in Property,
Plant and Equipment

\$6.17M



Loss after tax

-\$4.42M



Māwhiti mai ki nga Whakatutukitanga Achievements at a Glance



.....
Successfully listed on NZX.



.....
Built facilities in Ruatorea and
Tūranga /Gisborne.



.....
Signed exclusive New Zealand supplier sales
agreement with Nimbus Health in Germany.



.....
Received commercial licence to grow and supply
cannabis-derived medicines.



.....
Exported first sample medicinal
cannabis flower to Germany.



.....
Attracted key staff critical to the
commercialisation of Rua operations.



.....
Announced first globally ground-breaking
agritech project, the development of
hyperspectral imaging with the University
of Waikato.



.....
Developed the Rua Sustainability Framework.



.....
Advanced in GMP Certification of our Gisborne
manufacturing facility and first product.

Nga Piki o te Tau Highlights for the Year

FY21 Takenga Pūtea FY21 Fundamentals

Rua completed the year with net assets of \$28.8m, including \$16.4m of total cash and investments.

Consistent with being an early stage pharmaceutical company, our investment in R&D during 2021 was \$1.9m.

Total investment in property, plant and equipment was \$6.17m, with key areas of this investment being our cultivation centre in Ruatorea and our extraction and manufacturing facility in Gisborne, both of which are key to entering our commercial phase.

Other income was \$0.45m, predominantly made up of R&D grants related to our planned projects.

Rua's loss after tax was \$4.4m, representing a loss of \$6.2m before tax, offset by a \$1.8m income tax credit.

Our FY21 results are in line with expectations as we continue to invest in the development of our product portfolio as well as establishing the systems and processes in both our cultivation and manufacturing operations.





Gisborne's manufacturing facility.

Mātau Pūtaiao

Scientific Insights

Research on the endocannabinoid system (ECS) is one of the most promising avenues for new therapeutics in medicine at the moment. In a recent study, Prohibition Partners⁶ identified at least 30 late-stage clinical trials using cannabinoid therapeutics, noting they expect to see the development of a range of new cannabinoid therapeutics approved across the globe in the coming decade.

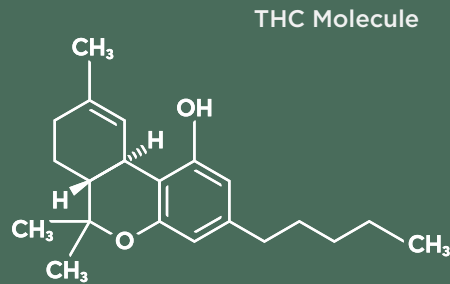
How Cannabis Works

According to the same report, there is increasing evidence of the safety and efficacy of cannabinoids for many conditions - with tens of millions of people already using cannabinoids medicinally each year. Cannabinoids are the active ingredients found in cannabis. They interact with ECS, which regulates functions like memory, appetite, immunity and inflammation responses.

There are two kinds of receptors in the ECS:

- **CB1** receptors are concentrated in the central nervous system. They target motor control, thought and memory processing, appetite, pain perception and mood. They are the mostly widely expressed G-protein coupled receptors in the brain.
- **CB2** receptors are mostly found in the peripheral organs and immune system. They target the cardiovascular system, immune responses and inflammation. They are predominantly found in the membranes of cells of the immune system but also in other tissues.

The two most widely researched and abundant cannabinoids are THC and CBD, both of which bind to CB1 and CB2 receptors in different ways with different effect:



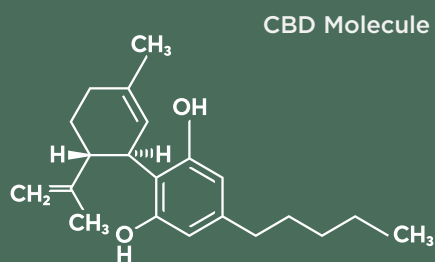
- **THC** is responsible for the psychoactive effects of cannabis and binds with the cannabinoid receptors in the brain. Evidence suggests that THC exhibits medicinal properties that are useful in treating chemotherapy-related nausea, pain and spasticity.
- **CBD** is non-psychoactive and binds more freely with the body's cannabinoid receptors. CBD exhibits wide-ranging properties potentially useful for health and wellness, including anti-anxiety, anti-inflammatory, anti-pain and neuroprotective effects. CBD has been proven to be a safe treatment for several conditions, including several forms of epilepsy.

A search of ClinicalTrials.Govt using the terms Cannabis and Pain brings up 102 studies that are either recruiting, active or complete. Some conditions for which cannabis is not currently widely used are being investigated such as ocular conditions, dermal conditions and behavioural conditions such as Tourette syndrome.

Medical research is increasingly revealing the health benefits of cannabinoid-based medicines. Working in partnership with nature, we're unlocking the power of the cannabis plant to enhance and restore health – naturally, safely and effectively.

The Endocannabinoid System

- CB1 Receptors
- CB2 Receptors



Researchers are also determining the therapeutic potential of other minor cannabinoids that hold a lot of promise, recognising there is still a lack of hard evidence. These include cannabitol (CBN), cannabichromene (CBC), and tetrahydrocannabivarin (THCV). Cannabigerol (CBG) is attracting a lot of interest as a minor cannabinoid with the potential to have a major impact. It is non-psychoactive and is being investigated for its potential to kill or slow bacterial growth, reduce inflammation, inhibit cell growth in tumour/cancer cells, and promote bone growth.

Cannabidiol prescription in clinical practice: an audit of my first 400 patients in New Zealand

In 2020, a study of the first 400 patients prescribed medical cannabis in Aotearoa⁷ suggested potential benefits for thousands of patients beyond currently recognised uses. The study was a collaboration between the University of Auckland and GP Dr Graham Gulbransen, who opened the first medical cannabis clinic in Aotearoa. Researchers examined the records of 400 patients assessed for treatment at Dr Gulbransen's West Auckland clinic Cannabis Care.

Patients were prescribed CBD oil for a range of indications including non-cancer chronic pain symptoms, mental health symptoms, neurological symptoms and cancer symptoms. Research found that CBD could markedly ease symptoms in a range of hard-to-treat conditions. Patients with non-cancer pain symptoms reported significant improvement in their mobility and ability to complete their usual activities, as well as less pain, anxiety and depression. Patients with mental health-related symptoms experienced improvements in their ability to carry out their usual activities and reduced pain, anxiety and depression. Overall, patients with cancer-related pain reported less pain.

Of the first 400 patients, 250 gave feedback on their satisfaction with CBD. 70% (175) reported it was good, very good or excellent; while 30% (75) reported no benefit from CBD use. Adverse side-effects, which included sedation and vivid dreams, were reported by 25 out of 253 patients (10%), while two (0.8%) reported a worsening of a pre-existing condition.

The study was published in the British Journal of General Practice Open.

⁷ Gulbransen, 2020. Medicinal Cannabis for Chronic Pain, Anxiety, Insomnia and Opioid Overuse: Review of my First 200 CBD Prescriptions in Aotearoa Nz.

Mātauranga Ahumahi Industry Insights

Global Pharma Increasingly Placing Faith in the Science of Cannabinoids

There is no doubt the international pharmaceutical industry is increasingly looking to high-quality medicinal cannabis as a source of new products for unmet patient needs and ongoing sustainable revenue.

February's announcement that Irish pharmaceutical company, Jazz Pharmaceuticals (NASDAQ: JAZZ), would purchase medical cannabis company (NASDAQ: GWPH) for \$US7.2b was a very positive sign for our industry – a global pharmaceutical company placing increasing faith in the science of the cannabinoid platform.

The purchase remains the largest acquisition in the cannabis industry and the most significant move by a pharma company into cannabis; demonstrating that pharmaceutical companies recognise cannabinoid-based medicines' current and future potential. GW Pharma's CEO, Justin Gover praised the industry's ability to demonstrate that "the cannabinoid platform is a real and compelling science with significant growth potential."

German Market Continues to Grow

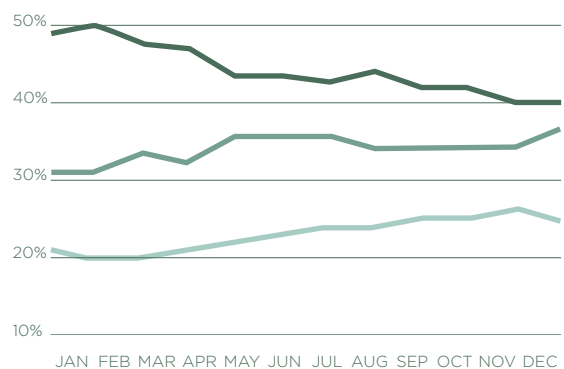
In March 2020, Rua Bioscience became the first New Zealand company to announce a binding export agreement to be the exclusive New Zealand supplier of medicinal cannabis products to German distributor Nimbus Health – a leading supplier of pharmaceutical-grade medicinal cannabis products for patients.

In this financial year, Rua completed its first trial export to Germany, testing its packaging and export processes by sending 70g of dried flower to Nimbus. As we build toward our first export revenue, the German market remains Europe's most mature medicinal cannabis market.

Clinicians can prescribe medicinal cannabis for a variety of conditions and a great number of these prescriptions are paid for (reimbursed) by Statutory Health Insurers. It is currently the largest single market for GMP (pharmaceutical) grade cannabis globally. In the year ending 30 June 2021, 313,500 prescriptions for medicinal cannabis products were reimbursed for German patients, valued at \$298m (€177m). These reimbursed sales are complimented by a substantive private paying market that has an estimated additional value of \$169m (€100m).



MARKET SHARE OF CANNABIS DRUGS IN GERMANY



— Flower
— Full Spectrum Extract
— Other - Pharmaceuticals

While the company's primary commercial focus is on developing global markets, we have always been committed to supporting a sustainable sector here in Aotearoa.

The market for dried cannabis flower specifically continued to grow robustly in Germany, with annual sales in 2021 exceeding those in 2020 by more than 30%. As at June 2021, annual sales for dried flower alone stand at \$92m (€54m) per year⁸.

Commentators expect Germany's domestic supply chain to continue to grow in 2021. The country will continue to import products from various sources and is usually the first place any product appears on the European market.

This integrated model also gives us flexibility, allowing Rua to diversify our revenue streams as market opportunities arise. Our investment in extraction capability and the Vitalis Supercritical Carbon Dioxide Extraction machine is a case in point; the latest research suggesting some exciting opportunities in the global extraction market.

According to Prohibition Partners recent report⁹, extraction is one of the most active areas of innovation and growth within the rapidly expanding global cannabis market. Analysts expect to see an exponential increase in sales for extract-based products across emerging markets in Europe, with sales expected to reach \$2.51b (€1.5b) by 2024. In Germany, the market for extracted oils is expected to reach \$1.6b in the same period. With our investment in extraction technology, combined with the Nimbus distribution agreement which includes both flower and oil products, Rua is well positioned to take advantage of this growth.

The reason for this transition to extract-based products is quite logical: extracts are more 'pharmaceutical' than flower; the dosage is easier to control; concentrations are more precise; and the product formats are more familiar for prescribers and patients.

Consistent with our findings when investigating our extraction options with Callaghan Innovation, Co2 extraction is fast becoming the method of choice for the industry. Its solvent-free process offers clean and pure extracts ideal for high-quality pharmaceutical products. And, because our extraction machine will be operated under GMP conditions in a certified GMP facility, we are well-placed to extract to the demanding German pharmacopoeia.



The Exponential Rise of Extraction

Like many vertically integrated (seed to sale) cannabis companies, Rua has invested significantly in plant and equipment across the cannabis production chain, allowing complete control of cultivation, R&D, extraction, manufacturing, and our business's retail segments.

⁸ Market Data - The German Cannabis Market - Q2 2021.

⁹ Prohibition Partners (2021). The Cannabis Extraction Report. London: Prohibition Partners.

Mātauranga Ahumahi Industry Insights

Pioneering the New Zealand Industry

New Zealand's regulatory framework, the Medicinal Cannabis Scheme, took effect on 1 April 2020 enabling the research, manufacture, and supply of medicinal cannabis products in New Zealand. The introduction of the scheme also enabled a dynamic new industry, with companies such as Rua pioneering this emerging sector.

Reliable data on the use of medicinal cannabis in New Zealand is limited. However data released by the Ministry of Health under the Official Information Act shows that the number of packs of medical cannabis prescribed and supplied in New Zealand is growing at an average rate of 250% annually. The number of packs supplied in New Zealand in the year to 30 June 2021 was over 40,000; compared to just 2,000 in 2018. This growth is in spite of patient's ability to access medicinal cannabis being constrained by a lack of available products, limited prescriber understanding of the clinical benefits of medicinal cannabis and the absence of government reimbursement. Rua's priority remains to bring a range of products to the NZ market as well as working with the industry towards removing these additional barriers to patient access.

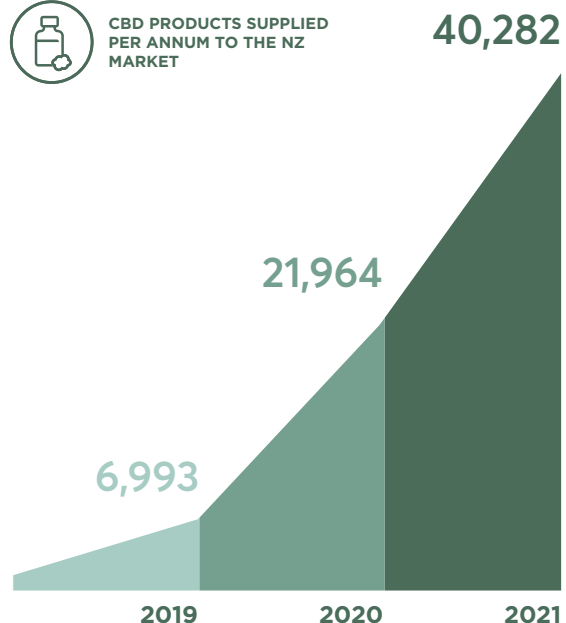
As the market develops, we believe a profitable, sustainable and patient-focused New Zealand industry could be hugely encouraged by some simple regulatory changes.

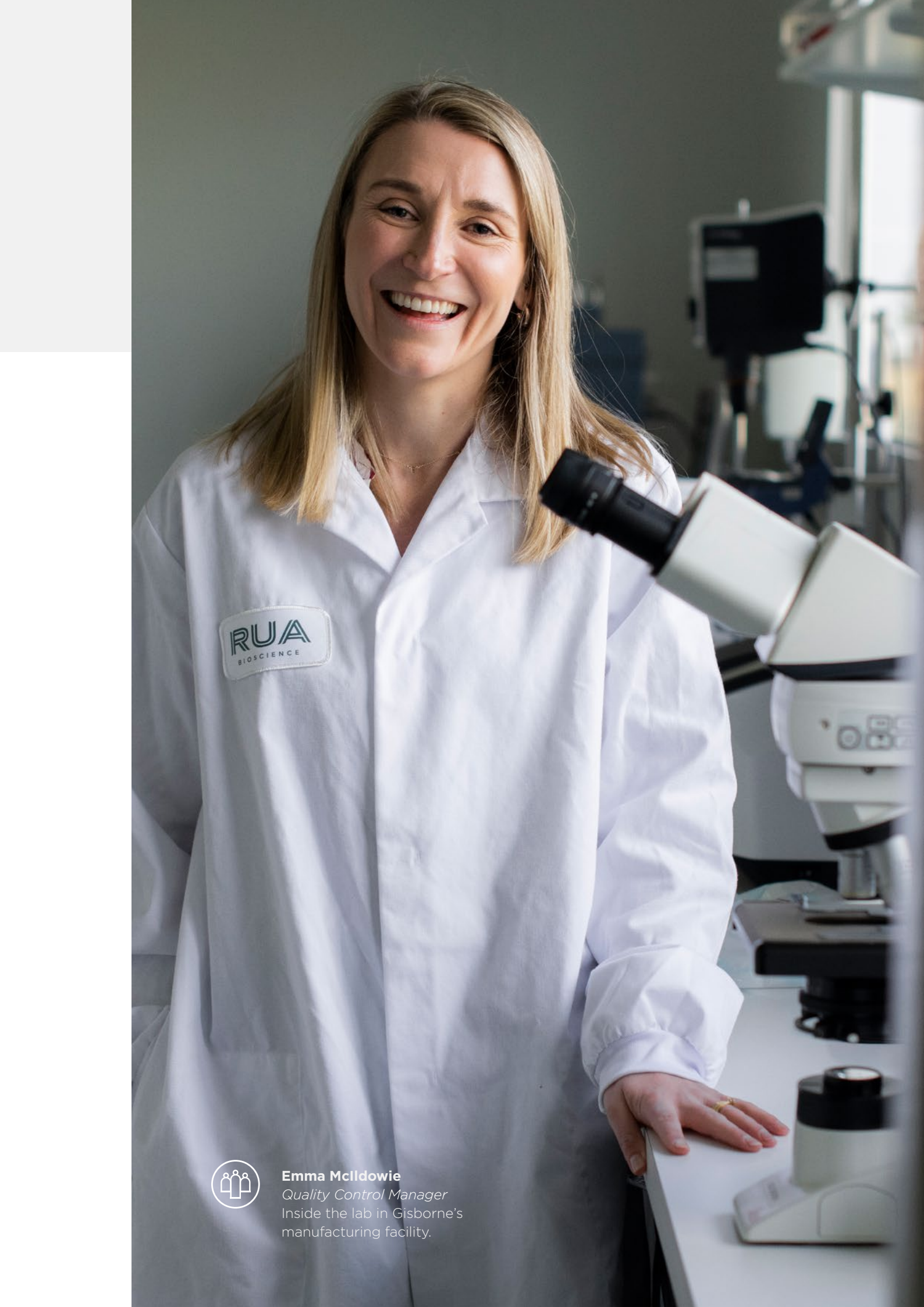
The top five industry game-changers we continue to advocate for on behalf of the New Zealand industry:

1. Subsidies for cannabis-derived medicines.
2. Provisional consent for medicines with Phase 1 and 2 clinical trial data, enabling some marketing to healthcare professionals.
3. Low-dose CBD (which has a low-risk profile) available over the pharmacy counter.
4. ACC and MSD funding of legitimate medicinal cannabis prescriptions for their clients.
5. New Zealand Government recognition of the production standards and requirements of each export jurisdiction on a case-by-case basis.



**CBD PRODUCTS SUPPLIED
PER ANNUM TO THE NZ
MARKET**





Emma McIldowie
Quality Control Manager
Inside the lab in Gisborne's
manufacturing facility.

Hanga Wāriu Creating Value

Working Towards GMP

Our commitment to operational excellence in cultivation and processing is key to our aspiration to become a world-class medicinal cannabis company. A critical building block for any NZ-based pharmaceutical company is GMP certification.

GMP is a globally recognised set of minimum standards that describe the systems that manufacturers of medicines must have in place to ensure their products are consistently safe and of acceptable quality. GMP certification of our facilities and products is a prerequisite for commercial production, and resulting sales into local and global markets.

Rua began the multi-stage GMP certification process in November 2020 and had expected to achieve certification by late April 2021.

When validation samples destined for Melbourne and Canada were held up in international Customs pressure was placed on our timeframes. In May 2021, we announced a delay to our GMP certification.

In the months since, Rua has continued to work closely with Medsafe to achieve certification and at pace to meet the heightened demand for medicinal cannabis products both globally and in Aotearoa.

We anticipate having product available for New Zealand patients as a prescription-only medicine in 2022, once product is GMP certified and we have completed Medsafe's New Medicines Application process and Ministry of Health's Quality Standard assessment. We also anticipate exports to Germany through our New Zealand exclusive agreement with Nimbus Health in the near future.



**Rob Mitchell, CEO, and
Natasha West, Quality Assurance
Associate,** Inside our Gisborne-
based manufacturing facility.

When we reflect on what we've achieved in FY21, the whakatauki he kai kei a matou ringa springs to mind. We've worked diligently and with a profound sense of responsibility to deliver across our key strategic priorities, focusing on the immediate needs of the business while creating future opportunities.

Exploring Opportunities in the \$2.5b Global Cannabis Testing Industry

The company's intellectual property strategy focuses on identifying long-term opportunities right across the medicinal cannabis value chain. Our ongoing work in hyperspectral imaging with the University of Waikato is a recent example.

In June 2021, Rua announced a ground-breaking, two-year research programme to investigate the application of hyperspectral technology to the cultivation and assessment of medicinal cannabis, paving the way for Rua to enter New Zealand's booming agritech sector.

Primarily driven by global demand for medicinal cannabis, commentators expect the global cannabis testing industry to be worth around \$2.5b (US\$1,806m) by 2025¹⁰.

However, current analytical methods present significant challenges for commercial cannabis growers. Testing requires the destruction of some product, is expensive, and the longer turn-around of results means delays in decision-making.

Our researchers anticipate real-time monitoring using hyperspectral imaging will change all that, with the potential to transform the way the global medicinal cannabis industry qualifies, assesses and manages its crops.

At the end of our two-year proof-of-concept project, we hope to prototype an automated, near-infrared imaging system that will enable the on-site assessment of individual cannabis plants in real-time without destroying any product.

We expect this will revolutionise our internal cultivation practices and position us well to develop and market world-class agritech for the global cannabis industry.



Ellis Tattersfield
Ngāti Porou
Cultivation Supervisor

Inspecting young plants in the Mangaoporo facility, grown for the hyperspectral imaging project.

Hanga Wāriu

The Path to World-Class Product

While our commercial team assesses and develops markets around the globe, much closer to home, our cultivation team focuses on establishing the commercially viable varieties we will use to create world-class products. This has been the key focus of the cultivation team in FY21.

The first step in the process was the selection of potential commercial cultivars.

The Mangaoporo-based team began commercial crop trials in November with a selection of 45 plants. The plants were grown from New Zealand-grown seed sourced from the illicit market, which is provided by the Misuse of Drugs (Medicinal Cannabis) Amendment Act 2018. Those plants were extensively tested - assessed for their agronomic and phytochemical characteristics with a view to selecting one or two to go through to commercial production.

In March, the cultivation team selected two mother plants, vigorous cultivars with strong flowering potential that perform well in our unique indoor environment. These two cultivars will likely become the backbone of our dried flower business.

In April, the cultivation team embarked on growing the first of many engineering and validation crops. These crops are a critical part of our commercialisation process and are designed to test the production systems at Mangaoporo. Rua's goal is to grow indoor to Good Agricultural and Collecting Practices (GACP) standards and dry to GMP standards from this facility.

Indoor growing, of course, presents challenges. The entire climate is man-made, micro-managed and adjusted to suit the

plant's needs throughout its lifecycle - light, temperature, humidity, water, and nutrient levels are all monitored and controlled 24 hours a day. Engineering tests allow the team to refine their processes over several harvests and collate supporting data before validating those processes by growing a series of crops to the same growing environment.

With one trial complete and another three in progress, Rua is pleased with the headway made in cultivation. Having selected our initial cultivars and advanced so far through the trial crop process within 12 months of commissioning our Mangaoporo facility is remarkable. It sees us aligned with our commercial strategy and places us on track to deliver our first revenue through our New Zealand exclusive agreement with Nimbus Health.

Local Expertise Meets International Know-How

Supporting the team through the exacting process of establishing our cultivation regime is Jeremy Plumb, who is recognised as a global expert on biological controls and precision horticulture for cannabis. Jeremy has developed sound cultural practices of the highest discipline in large-scale cultivation environments and provides a wealth of experience to complement our local growers familiar with growing practices in the Tairāwhiti context.

What is GACP?

In 2003, the World Health Organization (WHO) developed the GACP guidelines, creating a single global framework to ensure appropriate and consistent quality in the cultivation and production of medicinal plants and herbs.

As a business focusing on commercialising unique cannabis cultivars, our crop growing programme is an essential activity, and the resulting genetics are some of our most important assets.



Jeremy Plumb, examining an early Rua crop.

Hanga Wāriu Creating Value

Developing Sustainable Offshore Markets

Consumption of medicinal cannabis is now legal in over 40 countries. The market is expected to be worth over \$62.6b by 2024¹¹.

Rua has a clear path to revenue and an export-led strategy targeting major high-standard GMP medicinal cannabis markets. As well as ensuring New Zealand patients are amongst the first to access our medicines, Germany remains a core focus - its size, expected growth, and favourable market dynamics present unparalleled opportunities for the company. Rua is also actively exploring other international markets where our high quality, GMP-grade medicinal cannabis products have the potential to be market leaders.

Whilst there has been immense progress in the legalisation of medical cannabis in countries around the world, there is no “one size fits all” approach to what activities and product types are permitted in each country, which medical conditions cannabis may be used for, who can prescribe medicinal cannabis and who pays for it. At the same time, rules and regulations

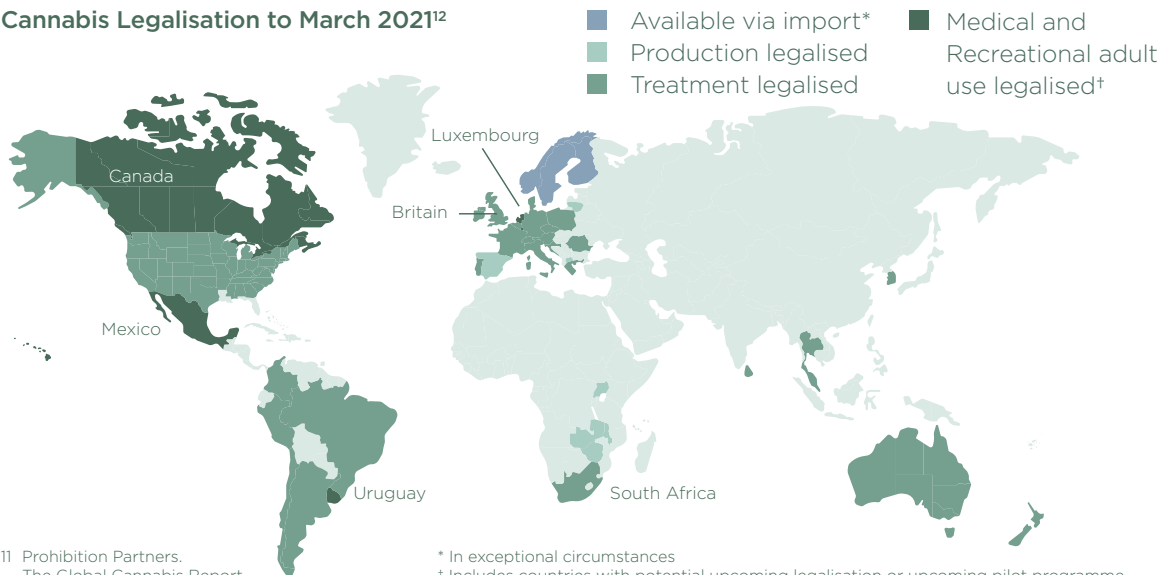
are changing rapidly across the globe as each country grapples with its own cultural, political and medical climates in determining its laws around medicinal cannabis use.

Rua works with a small group of international advisors to stay ahead of market developments internationally and position itself to capitalise on revenue generating opportunities. In particular, we are focused on European and Asia Pacific countries where regulations require any imported products to meet high quality GMP standards. In addition to our unique cultivars, it is the achievement of this GMP standard that will set our products apart from the other, lower value products available in non-GMP countries.

We have stratified our target markets into Tier 1 and Tier 2 opportunities and are executing our business development plans in order to extend our distribution beyond Germany and New Zealand in the medium term.

Underpinning this is the development of a world-class team focused on realising the company’s commercial aspirations and delivering value for our Shareholders.

Cannabis Legalisation to March 2021¹²



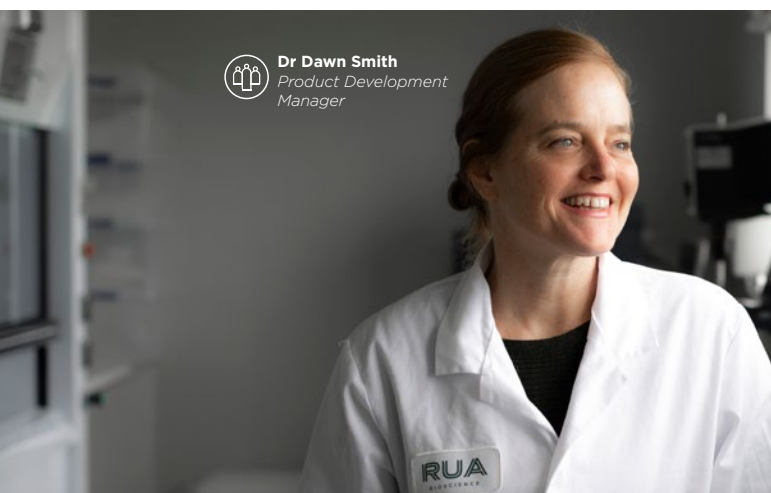
¹¹ Prohibition Partners. The Global Cannabis Report.
¹² The Economist, March 2021.

* In exceptional circumstances
[†] Includes countries with potential upcoming legalisation or upcoming pilot programme



Ngā Whakaurunga Āmua Recruiting for the Future

Expanding our Commercial Capability



In May, we welcomed Product Development Manager, Dr Dawn Smith, into the Rua whānau. Dawn comes with a proven track record in the development of pharmaceuticals, medical devices, packaging and new products.

Dawn joined Rua after a decade at Scion, first as Research Leader Polymers and Composites, and most recently as Portfolio Leader Bioproducts and Packaging. Notably she was responsible for setting Scion's strategy for funding, investment, and collaboration out to 2030, has served on WASTEMINZ's Organics Steering Committee and Scion's Sustainability Committee. Dawn also co-authored a number of peer-reviewed journal articles, has registered a variety of patents related to her PhD in Polymer Science and has nine years in product development of medical devices before moving to NZ.

Dawn is responsible for developing innovative Rua products for evolving markets - taking product concepts and ideas, and developing the processes that will enable the successful development of medicines.

Dawn was closely followed by Dr Andi Grant who joined the team as our Chief Commercial Officer in June. Andi's was a key appointment. Her task is to drive the company's domestic and global expansion.

Andi brings 20 years of business development experience in the pharmaceutical and biotech industries globally. She comes to Rua from Janssen Cilag Pty NZ (the pharmaceutical business of Johnson & Johnson), where she was the Market Access Manager responsible for commercialising innovative medicines to NZ patients.

Andi's global experience in biotech includes senior business development roles at Incyte and Galapagos, both during their early stages of transitioning to fully integrated pharmaceutical companies, as well as Management Director of Living Cell Technologies. She will also add value to the company's global commercial discipline, her experience garnered from working with global pharmaceutical stalwarts including Janssen and Roche.



In FY21, our recruitment strategy focused on two equally critical components: building a capable and committed team that will propel the Company towards commercialisation, creating highly-skilled, well-paid jobs for the people of Te Tairāwhiti.

Bringing Talent Home

Our focus on recruiting the best naturally creates great opportunities for people within the region as well as whānau looking for the chance to return home.

Though Len Walker's family moved away for work (as many of that generation did), the East Coast, Te Araroa and Waipiro Bay have been a constant for the Walker family. They lived in the area when mahi allowed, spent every summer with whānau at Waipiro and, eventually, Len's parents - Ginger and Jackie - retired to Parera (Horoera).

However, Len (Ngāti Porou, Aitanga-a-Hauiti, Te Whānau-a-Apanui), stayed away a little longer, raising a family and carving out a career in the dairy industry, first at the Tui Co-operative Dairy Company, Pahiatua, then with the NZ Dairy Research Institute in Palmerston North (now Fonterra Research). In 2000, Len moved to Edendale (Southland, Te Waipounamu), as a Production Supervisor, then as Process Projects Manager and Production Manager for Milk Powder operations, then Operational Excellence. After achieving his MBA, Len's work included troubleshooting, commissioning, and operating various production plants including Open Country, Miraka and Westland Milk Products.

With us since October, Len oversees the company's Ruatorea-based cultivation facility. He says relocating back home has been a most welcomed and wonderful opportunity - both challenging and inspirational.



Len Walker
Ngāti Porou, Aitanga-a-Hauiti, Te Whānau-a-Apanui
Cultivation Manager



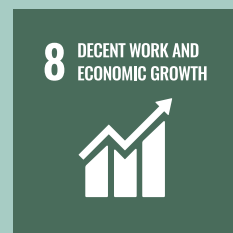
Whai Hua mo Apōpō Towards Sustainability

In 2019, Rua Bioscience became a member of the **Global Cannabis Partnership (GCP)** - an initiative designed to make the cannabis industry equitable, sustainable and accountable. This initiative of 40+ companies included the biggest names in the cannabis industry and required a commitment to address 12 impact areas in Environmental, Social and Governance issues.

Staff worked with sustainability consultant Daniel King to identify a range of goals, measures and initiatives under each of the 12 impact areas.

In doing so, Rua cemented its commitment as an ethical and sustainable cannabis business, developing the Rua Sustainability Framework.

As well as aligning with the United Nations Global Compact Sustainable Development Goals (SDGs) our bespoke Rua Sustainability Framework will take our practice and our responsibility to community a step further, underpinning our goal to lead the global industry as an ethical and sustainable cannabis business.





No Poverty

Rua chose to base its business in Ruatorea, a remote community with a small population that has not seen any significant industrial investment for over 100 years. The community has experienced significant population and economic decline since the 1960s and Rua founders wanted to help reverse that trend. That's why we based our operations in Ruatorea and creating employment in this community remains a core commitment of the company. To date, half of our staff have whānau connections to iwi of Te Tairāwhiti.

Our evolving grower partner programme is designed to ensure local whānau and landowners will be represented in our value chain. We prioritise the free, prior and informed consent of mana whenua throughout the lifecycle of projects, taking into account the Waitangi Tribunal's report on Wai 262.



Zero Hunger

Cannabis seeds are a functionally valuable and healthy food resource.

Rua has been working with seed collectors and farmers in Nepal and community-led initiatives to support and preserve genetic diversity, as well as knowledge regarding the cannabis plant. Rua has also supported hemp crops being differentiated from psychoactivity-related crops using the ratio methodology proposed by the United Nations Office on Drugs and Crime (UNODC).



Good Health and Wellbeing

Our HR policies encourage healthy lifestyles; providing services, resources and information to help employees to fulfill their roles. We provide excellent working conditions and actively support working parents. We recognise illness manifests itself in a range of both physical and mental conditions and no matter the illness, focus on enabling our people to be the best they can be at all times.

Our Diversity and Inclusion Policy ensures fair and equitable treatment of all staff. We have strict health and safety procedures that protect all staff.



Quality Education

Rua respects the universal right to education, aligning our business and education priorities to that of our community by actively encouraging the region's rangatahi into higher education.

More information can be found in the Community Engagement section of this report.



Gender Equality

The company's HR and Diversity and Inclusion Policies embed the principles of gender equality for employees and governing bodies throughout our operations. Rua encourages the participation of women in decision making and governance at all levels of the business. We are committed to continually increasing the diversity of governance and management as we are convinced it will produce the most successful outcomes for all Rua stakeholders.



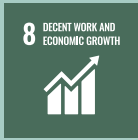
Clean Water and Sanitation

Rua recognises water as a valuable resource, and is working with mana whenua to understand the impact of our operations and our water footprint across our value chain. Our goal is to minimise any adverse effects on water quality and effectively respond to any identified adverse impacts.



Affordable and Clean Energy

Rua works consistently to off set the impact of our growing operations. Rua buys its power from companies that generate from 100% renewable energy sources and is investigating the use of other renewable and green energy technologies.



Decent Work and Economic Growth

Rua Bioscience was born out of a dream to increase the wellbeing of whānau

and the whenua by providing sustainable, safe, well-paid employment to the people of Te Tairāwhiti, particularly Ruatorea. Our Community Development programme demonstrates our commitment to creating productive local employment.

We're also passionate collaborators, willingly sharing our journey, skills and expertise with others within our industry and with other businesses within the region.



Industry, Innovation and Infrastructure

Rua has taken a life-cycle approach in investing and developing our new facilities in

Gisborne and Ruatorea. The team considered social, economic and environmental impacts on the whole lifecycle of the infrastructure, using these impact assessments as the basis for supply chain choices and interactions with stakeholders.



Reduced Inequalities

Rua addresses inequalities by providing opportunities for safe, well-paid work across the region. Our evolving grower

partner programme is designed to ensure local whānau and landowners will be represented in our value chain, so as to contribute to their income growth.

The company's HR and Diversity and Inclusion policies encourage fair and equitable treatment of all staff and embed appropriate processes and protocols for hiring staff and managing grievances.



Sustainable Cities and Communities

By providing good-quality, well-paid jobs within the region, Rua hopes to be part of a sustainable

solution to economic development within Te Tairāwhiti.

As a Māori-founded enterprise, we are committed to enhancing the cultural and natural heritage of Te Tairāwhiti, respecting the culture, values and languages of mana whenua.

Rua has integrated risk management into business models and practices to increase business resilience, protecting livelihoods and productive assets throughout our supply chain.



Responsible Consumption and Production

Rua has incorporated sustainable development into its business vision, policies and strategies and is developing sustainability targets and indicators across products and services.

We are working to understand sustainable management and resource efficiency in all operations.



Climate Action

Originally formed when Rua was part of the GCP, our Responsible Cannabis Framework has been developed as a relevant industry standard for addressing climate change.



Life Below Water

Rua is taking responsibility for waste and wastewater generated, as well as any other sources of pollution as a result of our business activities.



Life on Land

Work is being undertaken to assess and prevent any actual or potential negative impacts on soil, wildlife, ecosystems and the food chain.



Peace, Justice and Strong Institutions

Rua maintains the notion of “do no harm”, ensuring that business operations do not have an adverse effect on the regions where we operate.

Rua has prioritised and undertaken active engagement with active engagement with its community through our Community Engagement Programme.



Rua Sustainability Framework

The Rua Sustainability Framework, guides our sustainability programme for the foreseeable future. It will shape the way we engage with stakeholders; support sustainable decision-making processes at all levels of the company;

shape business strategy; guide innovation; drive better performance; create value and attract investment.

Our priorities for FY22 are outlined on page 45.



Hamish Harris
Ngāti Porou, Nga Puhi
Plant Health Specialist



Impact Area	Action	Target FY22
Environmental	Carbon audit and transition plan adopted.	Toitū Envirocare carbon audit completed and transition plan approved.
	Develop sustainable packaging policy that focuses on waste minimisation, reusable and recyclable packaging options.	Sustainable packaging policy adopted and recyclable packaging options that meet EU Pharmacopoeia fully investigated.
	Seek GACP certification for all cultivation sites.	GACP certification process undertaken for Mangaoporo site.
Social	Support the New Zealand Medicinal Cannabis Council (NZMCC) prescriber education programme.	Contribution made to NZMCC prescriber education programme.
	Establish a system to measure numbers of jobs created, patients supported and overall community impact. The reporting will provide transparency to management, board, shareholders and community.	Community impact monitoring framework established.
	Create opportunities for community members to have internships, work experience, etc.	Two internships supported at Rua or partner organisations. Two work experience opportunities completed. Six scholarships provided including two post-graduate scholarships.
	Develop mechanism for illicit varieties to enter legal market with ongoing benefit to original growers supplying the genetics and knowledge.	Mechanism for illicit varieties to enter legal market established.
Governance	Add a Code of Ethics to Code of Conduct.	Code of Ethics and Ethics Complaint Process added to Code of Conduct.
	Ensure ethics training is part of induction and ongoing PD for all staff.	Ethics training completed by all staff.
	Develop and implement anti-corruption policy to avoid the use of 'facilitation payments', doing business with companies that use unethical practices to achieve their goals and similar practices that violate human rights or other principles of good governance and ethical practices.	Anti-corruption policy adopted.
	Support efforts to end Modern Slavery by developing a policy designed to ensure the company is not involved in Modern Slavery.	Modern Slavery policy adopted.
	Diversity and inclusion training as part of ongoing PD for all staff.	All staff complete diversity and inclusion training.

Whakapā atu ki te Iwi Whānui Community Engagement

Rua Bioscience Community Engagement and Capability Development Programme

Our local community is the cornerstone of our company. Rua is born from hapū economic development initiatives, our whānau being the first to invest in this tenacious medicinal cannabis start-up. Regular communication with our community and development of local capabilities are key driving factors for Rua Bioscience.

Our commitment to community includes regular face-to-face meetings and correspondence in the form of quarterly community roadshows. At these, we report on developments within the company and the industry within which we work.

Tenei te Tira hou e Haramai Nei Inspiring the Next Generation of East Coast Scientists, Researchers, Inventors and Entrepreneurs

We know employment opportunities for rangatahi in Ruatorea and on the Coast are limited. The main industries of farming and forestry can have a negative impact on soil conservation and freshwater systems - education and health services provide some other employment but overall wages are relatively low. Rua Bioscience is keen to help increase the number and range of jobs in the community.

We have high levels of poverty and low levels of academic achievement. The level of formal qualifications shows Māori on the East Coast post-secondary school fall behind the Gisborne District statistics and fall well short of the national average.

As a company, we want to improve these negative statistics and have developed the community capability development

programme to aid that. Rua has shown its commitment by allocating \$50,000 in this financial year. Trust Tairāwhiti also backed our programme with a contribution of \$50,000 to support our work over 2021 and 2022. With this contribution, we will be able to maximise the impact of our initiatives.

The programme started in 2020, offering scholarships for rangatahi residing on the East Coast. We supported five students from Te Tairāwhiti to undertake Tertiary study in 2021. We also provided an internship in partnership with the NZ Institute of Plant & Food Research for a Māori student going into her third year of University study in plant biology.

This year, we have put in place the building blocks for a number of other exciting initiatives.



Recipients of the RUA Bioscience 2020 Scholarships meet with the RUA team (from left) **Panapa Ehau** (RUA Bioscience Co-founder and Director), **Darylene Rogers** (RUA Bioscience Kaiārahi Community Development Coordinator), **Te Keepa Wanoa** (Te Waha o Rerekohu Area School), **Heneriata Whangapirita-Bishop** (Te Kura Kaupapa Māori o Te Waiū o Ngāti Porou), **Hunaara Waerehu** (Te Kura Kaupapa Māori o Te Waiū o Ngāti Porou), **Paenoa Pahuru-Huriwal** (Te Kura Kaupapa Māori o Kawakawa Mai Tawhiti), **Beritane Milner** (Tolaga Bay Area School), **Tiana Whatarau** (Ngata Memorial College), **Rob Mitchell** (RUA Bioscience CEO).

RUA will soon launch our medicinal cannabis Industry Career Guide for locals interested in acquiring the relevant skills and experience to enter the industry. The RUA whānau has contributed significantly to this by providing insight into their personal and professional journeys. This will be followed by a visual series focused on career pathways within the medicinal cannabis and wider pharmaceutical industry. Both the printed guide and visual series are designed to inspire rangatahi to follow in the footsteps of the amazing team we have here at RUA.

Additional activities will see that RUA is active within the East Coast school community – careers expos, school visits and hosted visits to our facilities all top of the list.

We are also leveraging the relationships that we have made for the benefit of all. We're building a programme of visits to Tertiary education providers and research institutes for the next generation of East Coast scientists, researchers, inventors and entrepreneurs.

Into the future, we also hope to open our doors further with a post graduate programme, and hope this extends to internships across the motu.

In doing so, we hope to be part of a bigger movement of locally-owned businesses committed to building community capability and increasing local employment options in high value sectors. We recognise we are not the first to work in this space in our community, and we're sure we won't be the last.

Our programme will be reviewed at the end of 2022, at which time we will assess our impact and consider future investment and improvements.

Nga Ripoata Putea Financial Statements

Index to the Financial Statements

Independent Auditor's Report	50
Statement of Profit or Loss and Other Comprehensive Income	54
Statement of Changes in Equity	55
Statement of Financial Position	56
Statement of Cash Flows	57
Notes forming part of the Financial Statements	58
Other Information	
Code of Corporate Governance	94
Shareholder Information	114
Directory	122



Independent auditor's report

To the shareholders of Rua Bioscience Limited

Our opinion

In our opinion, the accompanying financial statements of Rua Bioscience Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The financial statements comprise:

- the statement of financial position as at 30 June 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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 Company.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Description of the key audit matter	How our audit addressed the key audit matter
<p>Recoverability of Deferred Tax Asset</p> <p>As disclosed in Note 7, the Company has a deferred tax asset of \$2.55m that has arisen largely from the recognition of \$2.3m of tax losses. The tax losses have been incurred during the pre-revenue, research and development stage of the Company's business in the medicinal cannabis industry.</p> <p>NZ IAS 12 <i>Income Taxes</i> permits a deferred tax asset to be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Key to this is meeting milestones as the Company progresses towards commercialisation, including obtaining and retaining licenses to operate.</p> <p>Recoverability of deferred tax asset is considered a key audit matter due to the significance of the balance to the financial statements and the inherent estimation uncertainty due to the nature of the balance.</p>	<p>We focussed our audit response on the evaluation of the Company's assessment regarding the recoverability of the deferred tax asset. This included:</p> <ul style="list-style-type: none"> - obtaining and understanding the Company's assessment and plans, including management's profit and loss forecast; - discussing with management the Company's assumptions regarding the forecasted profitability including the underlying revenue and expenditure assumptions; - confirming key milestones that have been met and assessing management's ability to achieve forecast milestones; - challenging management's assessment and assumptions of the forecasted profitability; and - assessing the mathematical accuracy of management's profit and loss forecast. - reviewing the appropriateness of the disclosure in Note 7. <p>From our procedures performed, we have no matters to report.</p>

Our audit approach

Overview

<p>Materiality</p>	<p>Overall materiality: \$66,000, which represents 1% of total expenses.</p> <p>We chose total expenses as the benchmark because, in our view, it is most representative of the current operations and performance of the Company in the view of the users of the financial statements. The Company is incurring losses in a start-up phase; therefore, we consider that profit/loss before tax is not an appropriate benchmark. Total expenses is also a generally accepted benchmark.</p>
<p>Key audit matters</p>	<p>As reported above, we have one key audit matter, being:</p> <ul style="list-style-type: none"> • Recoverability of Deferred Tax Asset

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.



As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the financial statements

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

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

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 Maxwell John Dixon.

For and on behalf of:

A handwritten signature in black ink that reads 'Private House Coopers'.

Chartered Accountants
29 August 2021

Napier

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021 \$	2020 \$ Restated
Research and development expenses	6	(1,897,126)	(1,289,662)
Other expenses	6,20	(4,744,082)	(3,053,818)
Operating loss before net financing income		(6,641,208)	(4,343,480)
Other income	5	450,971	727,948
Interest income		47,560	35,716
Interest expense		(9,699)	(3,230)
Interest expense - leases		(21,859)	(14,523)
Net finance income		16,002	17,963
Loss before tax		(6,174,235)	(3,597,569)
Income tax credit	7,20	1,756,275	784,517
Loss after tax		(4,417,960)	(2,813,052)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to shareholders		(4,417,960)	(2,813,052)
Earnings per share attributable to the ordinary equity holders of the Company			
Loss from operations			
Basic (\$)	9	(0.03)*	(0.03)**
Diluted (\$)	9	(0.03)*	(0.03)**

* On 15 September 2020, the Company completed a 5.882:1 share split.

** Share and per share amounts have been retrospectively restated for the prior period to reflect the 5.882:1 share split completed on 15 September 2020 and the prior period error disclosed in Note 20. The above statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2021

	Note	Share capital \$	Share option reserve \$	Accumulated losses \$	Total equity \$
Opening balance at 1 July 2019		12,480,242	-	(1,968,208)	10,512,034
Total comprehensive loss for the year					
- Loss for the year		-	-	(2,900,035)	(2,900,035)
- Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(2,900,035)	(2,900,035)
Transactions with owners of the Company					
- Issue of share capital		7,000,948	-	-	7,000,948
- Costs of issuing share capital		(558,277)	-	-	(558,277)
- Employee share options expense		-	336,108	-	336,108
Total transactions with owners of the Company		6,442,671	336,108	-	6,778,779
Balance at 30 June 2020		18,922,913	336,108	(4,868,243)	14,390,778
Opening balance at 1 July 2020		18,922,913	336,108	(4,868,243)	14,390,778
- Correction of prior period error	20	-	(75,800)	86,983	11,183
Restated opening balance at 1 July 2020		18,922,913	260,308	(4,781,260)	14,401,961
Total comprehensive loss for the year					
- Loss for the year		-	-	(4,417,960)	(4,417,960)
- Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(4,417,960)	(4,417,960)
Transactions with owners of the Company					
- Issue of share capital		20,000,000	-	-	20,000,000
- Costs of issuing share capital		(1,504,414)	-	-	(1,504,414)
- Employee share options expense		-	354,459	-	354,459
Total transactions with owners of the Company		18,495,586	354,459	-	18,850,045
Balance at 30 June 2021		37,418,499	614,767	(9,199,220)	28,834,046

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

Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$ Restated
Current assets			
Cash and cash equivalents	4	3,359,479	3,937,501
Other receivables	13	605,927	800,837
Prepayments		110,527	81,998
Investments	4	13,041,549	-
Total current assets		17,117,482	4,820,336
Non-current assets			
Property, plant and equipment	10	6,174,610	5,658,360
Goodwill	11	4,000,000	4,000,000
Right-of-use lease assets	12	929,897	252,955
Other receivables	13	75,000	197,256
Deferred tax asset	7,20	2,554,480	798,205
Total non-current assets		13,733,987	10,906,776
Total assets		30,851,469	15,727,112
Current liabilities			
Trade and other payables	14	510,167	578,182
Employee benefit liabilities	15	233,862	169,406
Lease liabilities	4,12	133,958	68,935
Borrowings	4	10,762	78,169
Deferred grant income		-	91,636
Share-based payment liability	20	286,647	12,277
Total current liabilities		1,175,396	998,605
Non-current liabilities			
Borrowings	4	-	10,762
Lease liabilities	4,12	810,120	190,928
Share-based payment liability	20	31,907	124,856
Total non-current liabilities		842,027	326,546
Total liabilities		2,017,423	1,325,151
Net assets		28,834,046	14,401,962
Equity			
Share capital	16	37,418,499	18,922,913
Accumulated losses		(9,199,220)	(4,781,260)
Share option reserve	20	614,767	260,308
Total equity		28,834,046	14,401,961

The financial statements on pages 54 to 93 were approved and authorised for issue by the Board of Directors on 29 August 2021 and were signed on its behalf by:

 (Director)

 (Director)

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

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Grant income received		691,261	182,790
Payments to suppliers and employees		(5,138,432)	(3,810,610)
Net cash inflows/(outflows) from operating activities	8	(4,447,171)	(3,627,820)
Cash flows from Investing activities			
Interest income		69,277	47,619
Proceeds from sale of plant and equipment		15,739	2,400
Proceeds from maturing investments		2,001,420	2,000,000
Investment deposits made		(15,117,969)	-
Purchase of property, plant and equipment		(1,402,258)	(5,020,661)
Net cash inflows/(outflows) from investing activities		(14,433,791)	(2,970,642)
Cash flows from financing activities			
Issue of ordinary shares		20,000,000	7,000,948
Proceeds from borrowings		-	44,200
Repayment of borrowings		(78,169)	(48,451)
Principal elements of lease payments		(82,914)	(59,909)
Interest paid		(27,789)	(19,444)
Share issue costs paid		(1,508,188)	(554,503)
Net cash inflows/(outflows) from financing activities	8	18,302,940	6,362,841
Net increase/(decrease) in cash and cash equivalents		(578,022)	(235,621)
Cash and cash equivalents at beginning of year		3,937,501	4,173,122
Cash and cash equivalents at end of year	4	3,359,479	3,937,501

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 2021

1. Reporting Entity

Rua Bioscience Limited (formerly Hikurangi Cannabis Company Ltd) (“the Company”) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The address of the Company’s register 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 pharmaceuticals manufacturing.

2. Basis of preparation

(a) Statement of compliance

The 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 (IFRS). They comply with interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The 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 Company is a for-profit entity for the purposes of complying with NZ GAAP.

These financial statements include non-NZ GAAP financial measures that are not prepared in accordance with NZ IFRS. The Company presents Net Tangible Assets, in Note 22. The Company believes that this non-NZ 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-NZ GAAP measures as reported by the Company may not be comparable to similarly titled amounts reported by other companies.

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

(b) Significant accounting policies

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

(c) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items (refer to note 2(h) for further details).

(d) New standards, interpretations and amendments

(i) Adopted during the period

New standards that have become mandatorily effective in the annual financial statements for the year ended 30 June 2021, but have not had a significant effect on the Group are:

- COVID-19-Related Rent Concessions (Amendments to NZ IFRS 16);
- Definition of a Business (Amendments to NZ IFRS 3);
- NZ IAS 1 Presentation of Financial Statements and NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative – Definition of Material);
- Going Concern Disclosures (Amendments to FRS-44); and

2. Basis of preparation (continued)

- Revisions to the Conceptual Framework for Financial Reporting.

(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 Company has decided not to adopt early.

The following amendments are effective for the periods beginning on or after 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to NZ IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to NZ IAS 16);
- Annual Improvements to NZ IFRS Standards 2018-2020 (Amendments to NZ IFRS 1, NZ IFRS 9, NZ IFRS 16 and NZ IAS 41); and
- References to Conceptual Framework (Amendments to NZ IFRS 3).

The following is a list of other new and amended standards which, at the time of writing, had been issued by the NZ ASB but which are effective in future periods:

- NZ IFRS 17 Insurance Contracts (effective 1 January 2023); and
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective 1 January 2023).

The Company does not expect these new and amended standards to have a material impact on the Company.

(e) Accounting estimates and judgements made

The preparation of the 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.

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 include:

Judgements

- Recognition (or not) of deferred tax assets related to carried forward tax losses (note 7).
- Recognition of research and development tax credits and research and development expenses (notes 5 & 6).
- Preparation of the financial statements on a going concern basis (note 2(f)).
- Impacts from COVID-19 (note 2(g))

(f) Going Concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The Company incurred a net loss of \$4,417,960 during the year ended 30 June 2021 (2020: net loss of \$2,813,052).

In October 2020, the Company successfully completed a listing on the New Zealand Stock Exchange (NZX) raising \$20 million in capital. This capital provides a sufficient runway for the company to continue operating as a going concern while it continues the development of its research projects, product suite and sales opportunities.

2. Basis of preparation (continued)

In the coming years the Company plans to move into commercialisation where the income generated from products will begin to fund the operations of the company to the point where the Company is financially sustainable and begins to generate profits.

With the market for cannabis derived medicines continuing to show strong growth globally it is forecast the Company will be able to capture a proportion of the market in key jurisdictions and that the sales of the Company products will increase.

The Company currently has a Licence to Sell Medicines by Wholesale & a Medical Cannabis Licence issued by the Ministry of Health. The Company has submitted applications for a Licence to Deal in Controlled Drugs, Licence to Manufacture Medicine (GMP) and a New Medical Cannabis Product Application. Once these licenses are approved, the company will be able to manufacture and sell products to earn revenues. It is forecast that the licenses required will all be obtained in the 2021 calendar year. Further licenses will be required as the Company continues its business and product development.

Currently there are no indications that the Company will not be able to continue as a going concern. The Company has net current assets and the Directors are of the opinion that the Company is able to settle liabilities as they fall due. There are risks related to the assumptions being made, particularly around obtaining GMP certification for products, obtaining regulatory approvals of products in local and in international markets. The timing of supplying product to markets, product volumes and the sales price of these products. The Company is monitoring and managing these risks, however there is no indications at this point in time that they will affect the Company's ability to continue as a going concern.

(g) Impact of COVID-19

The impact of COVID-19 has been considered for all balances and areas of judgements made in relation to the preparation of the financial statements. The COVID-19 wage subsidy extension was received in FY 2020 but as related to wages in FY 2021, was recognised in profit or loss in FY 2021, see note 5. No other material impacts have been identified as a result of COVID-19.

(h) Estimates and assumptions

Fair value measurement

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

Determining the fair value of these assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- *Level 1:* Quoted prices in active markets for identical items (unadjusted)
- *Level 2:* Observable direct or indirect inputs other than Level 1 inputs
- *Level 3:* Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

2. Basis of preparation (continued)

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)
- Share-based payments measured at fair value (note 20).

3. Segment Reporting

The Company operates in one segment, its primary business being pharmaceutical manufacturing in 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 Company's segment.

4. Financial Instruments and Financial Risk Management and Capital Management

This note describes:

- (A) The Company's accounting policies with respect to financial instruments recognised in the Company's financial statements, and detail of those balances.
- (B) The nature of the financial risk that the Company is exposed to, and the Company'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 Company's Capital Management policies.

(A) Financial instruments recognised

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

Financial Assets

The Company 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 represent financial assets where the objective is to hold these assets in order to collect contractual cash flows that represent solely payments of principal and interest. These comprise cash and cash equivalents, 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 (otherwise these are presented as "investments").

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 a transferred.

4. Financial instruments - Risk Management (continued)

Financial liabilities

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

Other financial liabilities at amortised cost

These include trade and other payables, borrowings, and lease liabilities recognised in the 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 Company's financial instruments

	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total Carrying Amount	Fair Value
2021	\$	\$	\$	\$
Investments	13,041,549		13,041,549	(a)
Cash and cash equivalents	3,359,479		3,359,479	(a)
Other Receivables	75,000		75,000	(a)
Trade and other payables		(510,167)	(510,167)	(a)
Borrowings		(10,762)	(10,762)	(b)
Lease liabilities		(944,078)	(944,078)	(c)
Total	16,476,028	(1,465,007)		
	\$	\$	\$	\$
2020				
Cash and cash equivalents	3,937,501		3,937,501	(a)
Trade and other payables		(578,182)	(578,182)	(a)
Borrowings		(88,931)	(88,931)	(b)
Lease liabilities		(259,863)	(259,863)	(c)
Total	3,937,501	(926,976)		

(a) Due to their short-term nature, the carrying value of these financial instruments approximates their fair value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty and own credit risk.

(b) Due to the market rate of lending for the remaining term and outstanding balance not being materially different from the current effective interest rate, the carrying value of these financial instruments approximates their fair value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

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

4. Financial instruments - Risk Management (continued)

(B) Financial risk management

The Board has overall responsibility for the determination of the Company'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 Company'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 Company's internal 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 Company's competitiveness and flexibility. Further details regarding these policies as they relate to the specific financial risks that the Company 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
 - ii. Foreign exchange risk, and
 - iii. Price risk
- (c) Liquidity risk.

(a) Credit risk

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

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

The Company 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 2021		\$	\$	\$
Kiwibank	A1, AA	3,359,479	13,041,549	16,401,028
Total		3,359,479	13,041,549	16,401,028
30 June 2020		\$	\$	\$
Kiwibank	A1, AA	3,937,501	-	3,937,501
Total		3,937,501	-	3,937,501

Interest rates on interest bearing cash and cash equivalents and investments range between 0.35% - 1.00% (2020: 1.00% - 3.45%).

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

4. Financial instruments - Risk Management (continued)

(b) Market risk

Market risk arises from the Company'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 Company is exposed to fair value interest rate risk from its fixed-rate borrowings and lease liabilities, with rates between 3.90% - 7.50% (2020: 3.00% - 7.50%).

The Company manages its interest rate risk by placing surplus funds on medium term interest-returning investments with financial institutions (per above).

A 1% change in interest rates would have increased or decreased equity and profit or loss by \$1,152 (2020: \$1,293) after tax (assuming all other variables remain constant).

ii. Foreign exchange risk

The Company currently does not have any sales transactions denominated in foreign currencies, however this is likely to change in subsequent reporting periods.

During the current reporting period the company has purchased plant and equipment with purchase prices denominated in foreign currencies (USD and AUD).

To mitigate foreign exchange risk on significant plant and equipment purchases, the Company enters into forward exchange contracts to match the timing and amount of payments due. Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period with changes in fair value recognised in profit or loss.

The Company does not apply hedge accounting to these transactions, and they are classified as held for trading for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. They are considered level 2 fair value measurements being based on the present value of future cash flows based on the forward exchange rates at the reporting date.

There are no open forward exchange contracts at the end of the reporting period (2020: no open forward exchange contracts).

The net foreign exchange loss recognised for the year was \$1,266 (2020: \$1,265).

(c) Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company'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 Company maintains a monthly forecast on its future cash position to ensure it can meet financial obligations when they fall due.

4. Financial instruments - Risk Management (continued)

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 2021	Up to 3 Months	Between 3 and 12 months	Between 1 and 2 year	Between 2 and 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$
Trade and other payables	510,167	-	-	-	-	510,167
Borrowings	10,832	-	-	-	-	10,832
Lease liabilities	43,367	130,102	147,470	330,910	479,744	1,131,593
Total	564,366	130,102	147,470	330,910	479,744	1,652,592
As at 30 June 2020	\$	\$	\$	\$	\$	\$
Trade and other payables	578,182	-	-	-	-	578,182
Borrowings	10,832	32,497	10,832	50,830	-	104,992
Lease liabilities	20,826	62,478	83,304	81,151	56,250	304,009
Total	609,840	94,975	94,136	131,981	56,250	987,183

(C) Capital Management

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

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

The Board continually reviews the capital structure of the Company. As part of this review, the Board considers the availability and cost of capital and the risks associated therein. The Company has available funding from its capital raising activities during the year.

5. Other Income

(i) Revenue (from contracts with customers)

As the Company is still in its start-up research phase it presently has no revenue from contracts with customers.

(ii) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. They are recognised as other income rather than reducing the costs that they are intended to compensate.

5. Other Income (continued)

The Company currently receives government grants in the form of general and COVID-19 related employee wage subsidies received from the Ministry of Social Development (MSD); and, research and development (R&D) tax losses cash out and R&D tax incentive credits, received from the Inland Revenue Department (IRD).

R&D tax losses cash out and 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 Company is eligible for a cash refund; specific conditions exist for the Company, 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.

R&D tax losses cash out is earned by cashing in R&D losses for the year and is repaid by the Company to the IRD from future taxable income or by paying R&D repayment tax if a loss recovery event occurs. R&D tax incentive credits that are not cashed out have no expiry, subject to shareholder continuity, and are carried forward and utilised against future taxable profits.

As at the 22 October 2020, the Company was no longer eligible for R&D tax loss cash outs.

The Company 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 Company expects to receive the losses cash out and tax credit when the return is filed subsequent to the end of the reporting period.

There are no unfulfilled conditions relating to the MSD grant income.

Revenue and other income streams recognised by the Company include:

	2021	2020
	\$	\$
Research and development grant income	357,366	567,488
COVID-19 wage subsidy	91,636	135,654
Other grant income	-	24,080
Total government grant income	449,002	727,222
Gain on sale of property, plant and equipment	-	726
Other Income	1,969	-
Total other income	450,971	727,948

6. Expenses

		2021 \$	2020 \$ Restated
Cultivation costs		622,676	306,556
Extraction and manufacturing		584,502	88,035
Accommodation and travel		58,740	132,601
Consultancy		1,063,505	1,042,813
Depreciation of property, plant and equipment		596,698	149,634
Depreciation of right-of-use lease assets		97,904	65,179
Direct research and development expenses		296,803	288,576
General		225,562	164,775
Insurance		126,180	46,774
Motor vehicle expenses		57,193	50,237
Quality		182,427	280,845
Office expenses		72,689	45,174
Personnel costs	20	2,479,916	1,681,016
Marketing costs related to IPO		175,147	-
Foreign exchange loss		1,266	1,265
Total expenses		6,641,208	4,343,480

Included in the above:

Employee benefit expense

- Short term benefits (wages and salaries)		2,406,567	1,821,262
- Defined contribution plan		64,935	49,494
- Share-based payment expense	20	602,466	397,442
Total employee benefit expense		3,073,968	2,268,198

Research and development expenses

- Direct costs		296,803	288,576
- Indirect costs		1,600,323	1,001,086
Total research and development expenses		1,897,126	1,289,662

(i) Research and development

Research and development expenditure that do not meet the development criteria in NZ IAS 38 Intangible Assets for recognition as intangible assets are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Currently the Company is still in the research phase (refer to note 19 Biological assets) and related costs are recognised in profit or loss accordingly until such time as the Company moves into the development phase and the relevant recognition criteria are met.

6. Expenses (continued)

(ii) Fees paid to auditors

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

	2021	2020
	\$	\$
Audit and review of the financial statements		
- Audit of the financial statements	60,132	47,775
- Review of half year financial statements	27,635	8,925
Total audit and review fees	87,767	56,700
Other services		
- Business valuation services	-	19,950
Total other services	-	19,950
Total fees paid to auditors	87,767	76,650

Business valuation services were provided to the Company during the year ended 30 June 2020 but before the appointment of PricewaterhouseCoopers as the Company's auditors.

7. Income tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company 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.

The Company has assessed the realisation of the deferred tax asset at the reporting date and considers that it is probable that future taxable profits will be available to realise the deferred tax asset.

7. Income Tax (continued)

Key factors supporting the assessment include:

- Progress towards obtaining the required licences (refer to note 2(f)) including GMP certification, a key milestone, to commence commercial production and sales to target markets;
- Securing an export agreement with German distributor, Nimbus Health, and discussions with local distributors for selling to the key German and New Zealand target markets;
- Securing an initial supply agreement with a local grower and discussions with local growers to provide sufficient flower to sell to target markets;
- Completing the Company's cultivation and extraction facilities; and
- Forecasted taxable profits in the foreseeable future that are sufficient to utilise the deferred tax asset

The Directors have considered the likelihood of these key factors occurring and have determined that it is probable that the Company will commercialise its production and generate sufficient future taxable profits to realise the deferred tax asset.

(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:

	2021	2020
	\$	\$
		Restated
Current tax on profits for the year	-	-
Total current tax	-	-
Origination and reversal of temporary differences	(62,089)	(168,143)
Current year tax losses	(1,673,717)	-
Recognition of previously unrecognised deferred tax assets	-	(616,374)
Prior period adjustments	(20,469)	-
Total deferred tax expense/(credit)	(1,756,275)	(784,517)
Total deferred tax expense/(credit)	(1,756,275)	(784,517)

7. Income Tax (continued)**(ii) Reconciliation of income tax expense/(credit)**

The reconciliation of income tax expense/(credit) is presented below:

	2021	2020
	\$	\$
		Restated
Loss before income tax expense/(credit)	(6,174,235)	(3,597,569)
Tax expense/(income) @28%	(1,728,786)	(1,007,319)
Add/(less) reconciling items		
- Expenses not deductible for tax purposes	116,953	56,134
- Tax losses extinguished (R&D cash out credit)	-	370,232
- Tax losses reinstated (R&D cash out credit adjustment)	(20,469)	-
- Non-assessable income	(123,973)	(203,564)
Total income tax expense/(credit)	(1,756,275)	(784,517)

(iii) Imputation credits

The Company has \$194,087 of imputation credits as at 30 June 2021 (2020: \$23,400).

(iv) Deferred tax

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

The movement on the deferred tax account is as shown below:

	2021	2020
	\$	\$
		Restated
Opening as at 1 July	798,205	13,688
Recognised in profit and loss		
- Recognition of temporary difference	62,089	168,143
- Recognition of tax losses	1,673,717	616,374
- Adjustment from prior years	20,469	-
	1,756,275	784,517
Closing as at 30 June	2,554,480	798,205

7. Tax expense (continued)**(v) Deferred tax**

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

	Employee entitlements	Buildings	Lease liabilities and Right-of- use lease assets	Share- based payments - cash settled	Share- based payments - equity settled	Carried forward tax losses	Total
	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2019	12,756	-	932	-	-	-	13,688
Amounts recognised							
- In profit or loss	18,166	37,692	1,002	51,001	94,110	616,374	818,345
- In OCI	-	-	-	-	-	-	-
At 30 June 2020	30,922	37,692	1,934	51,001	94,110	616,374	832,033
As at 1 July 2020	30,922	37,692	1,934	51,001	94,110	616,374	832,033
Correction	-	-	-	(12,604)	(21,224)	-	(33,828)
As at 1 July 2020 - Restated	30,922	37,692	1,934	38,397	72,886	616,374	798,205
Amounts recognised							
- In profit or loss	937	(53,075)	2,036	50,798	61,393	1,694,186	1,756,275
- In OCI	-	-	-	-	-	-	-
At 30 June 2021	31,859	(15,383)	3,970	89,195	134,279	2,310,560	2,554,480

Tax losses available but not recognised as a deferred tax asset at reporting date are nil (2020: nil).

The Company offsets assets and liabilities if, and only if, it has a legal enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

8. Notes Supporting Statement of Cash Flows

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

	2021 \$	2020 \$ Restated
Net loss for the year	(4,417,960)	(2,813,052)
Adjustments for non-cash and non-operating activity items:		
- Add back: Depreciation – Property, Plant & Equipment	596,698	149,634
- Add back: Depreciation – RoU lease asset	97,904	65,179
- Deduct: Deferred tax income	(1,756,275)	(784,517)
- Deduct: Gain on sale of Property, Plant & Equipment	-	(726)
- Add back: Loss on sale of Property, Plant & Equipment	4,396	-
- Add back: Share-based payment expense	535,879	397,442
- Deduct: Cash settled portion of salary sacrifice	(66,587)	-
- Add back: Interest expense	31,558	17,753
- Deduct: Interest income	(47,560)	(35,716)
	(603,987)	(190,951)
Movements in working capital:		
- (Increase)/decrease in other receivables ⁽¹⁾	370,451	(708,826)
- (Increase)/decrease in prepayments	(28,529)	(81,998)
- Increase/(decrease) in trade and other payables ⁽²⁾	260,033	49,820
- Increase/(decrease) in employee benefit liabilities	64,457	25,551
- Increase/(decrease) in deferred grant income	(91,636)	91,636
	574,776	(623,817)
Net cash outflows from operating activities	(4,447,171)	(3,627,820)

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)

9. Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the year, excluding shares held as treasury stock.

Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

In both years, the Company 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 Company is loss-making, the impact of the outstanding share options granted is “anti-dilutive” (i.e. decreases the loss per share).

<i>Numerator</i>	2021	2020
	\$	\$
		Restated
(Loss) for the year and earnings (basic and diluted EPS) 20	(4,417,960)	(2,813,052)
	2021	2020
<i>Denominator</i>	No. shares	No. shares
Weighted average number of shares (basic and diluted EPS)	127,393,230	97,481,881*

* Number of shares has been retrospectively restated for the prior period to reflect the 5.882 share split completed on 15 September 2020.

10. 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, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Where self-constructed items take a substantial period of time to construct for their intended use (“qualifying asset”) borrowing costs are capitalised to the initial cost of item, with associated cash flows presented within interest expense paid in the statement of cash flows.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of property, plant and equipment constructed by the Company, including capital work in progress, includes the cost of all materials used in construction, associated direct labour and an appropriate proportion of variable and fixed overheads, and where applicable borrowing costs. Costs cease to be capitalised as soon as the asset is ready for productive use.

10. Property, plant and equipment (continued)

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 0% to 50% (2020: 8% to 20%)
- Cultivation Containers 10% (2020: 10%)
- Office Equipment 8% to 67% (2020: 13% to 67%)
- Plant and Equipment 8% to 100% (2020: 8% to 40%)
- Vehicles 20% to 40% (2020: 40%)

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, 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. Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

The estimated recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. 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.

Impairment losses are reversed when there is a change in the estimate used to determine the recoverable amount and there is an indication that the impairment loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All other impairment losses are reversed through profit or loss.

10. Property, plant and equipment (continued)

	Buildings and fitout	Cultivation containers	Office equipment	Plant and equipment	Vehicles	Capital works	Total
Year ended 30 June 2021	\$	\$	\$	\$	\$	\$	\$
Opening net book value	2,103,929	160,781	79,227	920,254	77,116	2,317,053	5,658,360
Additions	-	-	73,028	-	19,503	1,040,553	1,133,084
Depreciation charge	(303,192)	(14,356)	(33,216)	(213,317)	(32,617)	-	(596,698)
Disposals	-	(17,223)	(208)	-	(2,705)	-	(20,136)
Transfers	2,598,849	-	6,162	566,705	-	(3,171,716)	-
Closing net book value	4,399,586	129,202	124,993	1,273,642	61,297	185,890	6,174,610
Cost	4,718,203	159,197	185,219	1,540,443	157,874	185,890	6,946,826
Accumulated depreciation	(318,617)	(29,995)	(60,226)	(266,801)	(96,577)	-	(772,216)
Net book amount	4,399,586	129,202	124,993	1,273,642	61,297	185,890	6,174,610

The assets under capital work-in-progress relate to the Company's plant and equipment. The cost of the plant and equipment will be depreciated once the assets are commissioned and available for use. There are no (additional) costs to completion to which the Company is contractually committed to.

The Company's borrowings are secured over the vehicles.

	Buildings and fitout	Cultivation containers	Office equipment	Plant and equipment	Vehicles	Capital works	Total
Year ended 30 June 2020	\$	\$	\$	\$	\$	\$	\$
Opening net book value	-	147,480	28,015	60,528	104,082	185,221	525,326
Additions	232,890	-	20,475	8,118	20,000	5,002,860	5,284,343
Depreciation charge	(15,425)	(15,994)	(20,411)	(50,839)	(46,966)	-	(149,635)
Disposals (net book value)	-	-	(1,674)	-	-	-	(1,674)
Transfers	1,886,464	29,295	52,822	902,447	-	(2,871,028)	-
Closing net book value	2,103,929	160,781	79,227	920,254	77,116	2,317,053	5,658,360
Cost	2,119,354	178,825	106,724	973,739	143,872	2,317,053	5,839,567
Accumulated depreciation	(15,425)	(18,044)	(27,497)	(53,485)	(66,756)	-	(181,207)
Net book amount	2,103,929	160,781	79,227	920,254	77,116	2,317,053	5,658,360

11. Goodwill and Business Combinations

The financial statements incorporate the results of business combinations using the acquisition method, as at the acquisition date.

Goodwill resulting from business combinations represents the excess between:

- The fair value of (i) the consideration paid, (ii) any previous held interest, and (iii) any remaining non-controlling interest, and
- The fair value of the net identifiable assets, and their associated acquisition date deferred tax balances.
- Acquisition-related costs are expensed as incurred.

On initial recognition, goodwill is allocated to the cash generating units ('CGU') that are expected to benefit from a business combination that gives rise to the goodwill (a CGU being the smallest group of assets for which there are separately identifiable cash flows).

Subsequently, a CGU to which goodwill has been allocated is tested for impairment on an annual basis, and at any other time where there is an indicator of impairment, by comparing the CGU's carrying amount to its recoverable amount.

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) Business combinations in the prior year

On the 28th August 2018, the Company acquired the trade and net assets of Hikurangi Bioactives Limited Partnership (HBLP), an entity involved in the cultivation and the research & development of cannabis products. The resulting \$4,000,000 of goodwill (not deductible for tax purposes) is attributable to the value of the know-how embedded in the under development IP and acquired workforce, as well as the potential future profitability of the acquired business.

(ii) Impairment testing of goodwill

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

The recoverable amount of the CGU has been determined based on fair value less costs of disposal, being 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 is based on an estimate of market value at the reporting date based on the quoted share price of \$0.41 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 2020, determination of the recoverable value of the Company (being the CGU) was based on the share issue price of capital proceeds received by the Company from related and third party investors during the period and the Company's development to the reporting date. The estimated share issue price at the reporting date was \$2.12 per share. Because the Company was not publicly listed, the estimated share price was an unobservable input and represented a "level 3" fair value measurement per the fair value hierarchy.

No impairment of goodwill has been recognised as at 30 June 2021 (2020: nil).

12. 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 Company'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.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

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 company is contractually required to dismantle, remove or restore the leased asset (typically make-good provisions on buildings)

Subsequent measurement

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

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.

Remeasurement

When the Company revises its determination of the use (or non-use) of renewal and/or termination options, the carrying amount of the lease liability is adjusted to reflect the payments to make over the revised term, which are discounted at the revised discount rate.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, however this is discounted at the original discount rate.

In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term.

The company did not receive (nor is it expected to receive) any COVID-19 related lease payment reductions during the year.

12. Leases (continued)**(i) Lease related balances as at period end, and amounts for the period**

	2021	2020
	\$	\$
Expenses and income in the period		
Depreciation		
- Leases of property (land and buildings)	68,722	60,791
- Vehicles	29,182	4,388
Interest expense	21,859	14,520
Balance sheet and cash flow statements		
Carrying amount of Right-of-use asset		
- Leases of property (land and buildings)	853,155	204,692
- Vehicles	76,742	48,263
Additions to Right-of-use assets	774,846	197,845
Total cash outflow related to leases	101,010	76,121

(ii) Information regarding the Company's leases and leasing activity

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

As standard industry practice, several of the Company'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 \$907 cash outflow (2020: nil) compared to the current period's cash outflow.

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

The Company has two property leases (2020: one property lease) where the Company has assessed it does not reasonably expect to exercise all available renewal options, resulting in a potential lease term in the range of 10 - 20 years (2020: 10 - 20 years) and potential future lease payments of between \$109,020 - \$689,160 (2020: \$150,000 - \$300,000) that are not currently included in measurement of the lease liability recognised for these leases.

13. Other Receivables

	Note	2021 \$	2020 \$
Non-trade receivables		75,000	-
Financial assets classified as amortised cost	4	75,000	-
GST receivable		85,861	124,386
Accrued interest income		-	-
Withholding tax receivable		1,683	23,400
Government grants receivable			
- Research and development tax credit		508,581	581,712
- COVID Wage subsidy		-	70,296
- Other		9,802	1,043
Other receivables		605,927	800,837
Government grants receivable			
- Research and development tax credit		-	197,256
Other receivables (non-current portion)		-	197,256
Total other receivables		680,927	998,093

14. Trade and Other Payables

	Note	2021 \$	2020 \$
Trade payables		453,388	512,014
Accruals		56,779	66,168
Financial liabilities classified as amortised cost	4	510,167	578,182
Total Trade and other payables		510,167	578,182

15. Employee Benefit Liabilities

Short-term employee benefit liabilities represent those that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service.

For defined contribution plans (Kiwisaver), the Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

	2021	2020
	\$	\$
Short term employee benefits payable		
-Wages and salaries	99,837	49,020
-Accrual for annual and sick leave	130,475	118,497
	230,312	167,516
Defined contribution plan payable	3,550	1,889
	233,862	169,406

16. Share Capital

The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects, including costs related to shares still to be issued.

	2021	2020
	Number	Number
Opening shares	17,003,096	12,990,000
Shares issued	-	4,013,096
Total pre-share split*	17,003,096	17,003,096
Effect of share split*	83,009,129	N/A
Shares issued**	40,250,366	-
Total share capital	140,262,591	17,003,096

* On 15 September 2020, the Company completed a 5.882:1 share split.

** On 22 October 2020, the Company issued 40,000,000 shares by way of listing on the NZX. They also issued a further 250,366 shares through the vesting of the ESOP issue 3.

At 30 June 2021, share capital comprised 140,262,591 authorised and issued ordinary shares (2020: 17,003,096). 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 Company, and rank equally with regard to the Company's residual assets.

17. Related Party Transactions

(i) Company information

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

(ii) Transactions and balances with related parties

During the year the Company entered into the below transactions with entities related to shareholders and key management personnel.

	Nature of transactions	Transaction amount \$	Amounts receivable (payable) \$
30 June 2021			
Alvarium Investments (NZ) Limited	Purchases	1,492	-
EECOMS Ltd	Purchases	22,778	-
Hikurangi Enterprises Limited	Purchases	27,000	27,000
Mitchel Family Trust	Purchases	6,735	1,250
30 June 2020			
Digital Accounting Limited	Purchases	972	-
EECOMS Ltd	Purchases	13,118	1,940
Mitchel Family Trust	Purchases	220	220

(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 company, including the directors) was as follows:

	2021 \$	2020 \$ Restated
Directors fees	248,700	235,894
Short-term employee benefits	961,677	669,448
Defined contribution plan payments	23,747	20,267
Share-based payment expense	500,128	258,418*
Total key management personnel compensation	1,734,252	1,184,027*

* Refer to Note 20 for details of the restatement.
The impact of the error to these specific line items as they relate to Key management personnel compensation is \$65,228. Accordingly, the previous reported amounts for these line items were:
- Share-based payment expense - \$323,646.
- Total key management personnel compensation - \$1,249,255.

18. Contingent Liabilities

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

19. Biological Assets

The Company is currently still in a research and development phase and as such the plants and produce resulting from current operations are not being developed for sale, or for transformation into agricultural produce or additional biological assets. Under the Company's licensing requirements, plants must be destroyed and therefore hold no value at balance date. The plants are destroyed by way of being composted and as they are not able to be traded, they have no value from a product manufacturing perspective.

Accordingly, related costs are recognised in profit or loss rather than in the recognition of a biological asset in accordance with NZ IAS 41 Agriculture, until such time as the Company moves past the research and development phase. The agricultural assets will be recognised at fair value once the regulations allow commercial production and they are used for commercial production.

20. Share-Based Payments

(a) Accounting policy

Equity-settled share-based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees and directors is recognised as an expense, with a corresponding increase in equity (share-based payment reserve), over the vesting period of the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Cash-settled share-based payments

Cash-settled share-based payments are measured at fair value and presented as a liability, with a corresponding amount recognised as an expense.

(b) Correction of prior period error

During the prior reporting period, the Company modified certain non-market vesting conditions related to Issue #1 and Issue #2 of its employee share option plans (ESOP), such that a portion (55,750) were denoted as having "vested automatically". Accordingly, the unamortised and incremental value associated with these share options were recognised in full, and disclosed as having vested but remaining unexercised as at 30 June 2020.

However, subsequent review and legal advice has identified and confirmed that while certain non-market vesting conditions were removed for these share options, they were still subject to the general vesting conditions which included a requirement of continued employment (service condition) over the original vesting period. Consequently, this expense should have continued to be recognised over the remaining service period. This error affected both the equity-settled and cash-settled components of these share options.

20. Share-based payments (continued)

The impact of the error and relevant restated information is presented below:

(i) Impact to statement of financial position as at 30 June 2020

	2020 As reported \$	Adjustment \$	2020 Restated \$
Non-current assets			
Deferred tax asset	832,033	(33,828)	798,205
Current liabilities			
Share-based payment liability	(70,492)	58,215	(12,277)
Non-current liabilities			
Share-based payment liability	(111,653)	(13,203)	(124,856)
Equity			
Accumulated losses	(4,868,243)	86,983	(4,781,260)
Share option reserve	336,108	(75,800)	260,308

(ii) Impact to statement of profit or loss and other comprehensive income for the year to 30 June 2020

	2020 As reported \$	Adjustment \$	2020 Restated \$
Other expenses*	(3,174,629)	120,811	(3,053,818)
Income tax credit/(expense)**	818,345	(33,828)	784,517
Total comprehensive loss for the period	(2,900,035)	86,983	(2,813,052)

* Employee benefit expense - Personnel costs (Note 6).
Employee benefit expense - Share-based payment expense (Note 6).
** Deferred tax (Note 7).

20. Share-based payments (continued)**(b) Correction of prior period error (continued)****(iii) Impact to share option balances**

	Issue #1 No.	Issue #2 No.	Issue #3 No.	Total
Opening (1 July 2019)	-	-	-	-
- Options issued (As reported)	408,000	75,000	42,564	525,564
- Options vested (As reported)	(51,000)	(4,750)	-	(55,750)
Adjustment	51,000	4,750	-	55,750
Options vested (Restated)	-	-	-	-
Options forfeited (As reported)	(51,000)	(4,750)	-	(55,750)
Closing (30 June 2020) (Restated)	357,000	70,250	42,564	469,814
Closing (30 June 2020) (As reported)	306,000	65,500	42,564	414,064

(c) Relevant information relating to the Company's share-based payments

- During the prior period the Company issued an employee share option plan (ESOP) in the form of equity-settled share options to its directors, senior management, and selected employees. This occurred in three separate "Issues".
- During the current period, the Company completed a 5.882:1 share split, resulting in a pro-rata increase in the number of share options.
- There were no additional share options issued during the current period.
- Additionally, certain tranches in Issue #2 were modified subsequent to grant date, such that the affected share options were forfeited.
- The number of share options expect to vest for Issue #1 and Issue #2 has been adjusted to reflect share options attributed to employees who have terminated their employment, and thus forfeited their rights to share options, during the period.
- At reporting date, the number of unvested share options was 2,298,392.

20. Share-based payments (continued)**(d) Key features and balances of ESOPs**

All tranches of ESOPs:

- Are subject to a general service vesting condition (i.e. if the party terminates their directorship or employment with the company to share options are forfeited).
- Have a \$nil exercise price.
- Include tranches where the vesting conditions are yet to be confirmed between the parties.

In these cases, the ESOPs are deemed to have been granted with respect to their requirement to be recognised, however, a grant-date fair value is not able to be determined.

Accordingly, until such time as the vesting conditions are confirmed, the Company estimates the fair value of the options at each reporting date.

In addition, the Company has elected to pay the PAYE tax associated with the share options, in addition to the share-options (i.e. no net settlement feature).

Accordingly, this feature of each ESOP is accounted for as a cash-settled share-based payment.

Further details are provided in the subsequent disclosures associated with each Issue.

(i) Share options balances

	Issue #1 No.	Issue #2 No.	Issue #3 No.	Total
Opening (1 July 2020) (Restated)*	357,000	70,250	42,564	469,814
- Net share-split impact	1,742,874	342,961	207,802	2,293,637
- Options issued	-	-	-	-
- Options vested	-	-	(250,366)	(250,366)
- Options forfeited	(102,935)	(111,758)	-	(214,693)
Closing (30 June 2021)	1,996,939	301,453	-	2,298,392

(ii) Vested share options balances outstanding

	Issue #1 No.	Issue #2 No.	Issue #3 No.	Total
Opening (1 July 2020) (Restated)*	-	-	-	-
- New options vested	-	-	250,366	250,366
- Options exercised	-	-	(250,366)	(250,366)
Closing (30 June 2021)	-	-	-	-

* Refer to Correction of Prior Period Error above.

20. Share-based payments (continued)**(e) Specific ESOP details – Issue #1****(i) Originally issued**

Tranche [Vesting period]	Vesting conditions	2021 Number	2020 Number
Tranche 1 [25 months]	Non-market performance conditions relating to developing the company's intellectual property (IP), licencing the IP, and supplying GMP-grade biomass ¹ .	N/A ¹	102,000
Tranche 2 [25 months]	Non-market performance conditions relating to achieving Medsafe NZ GMP Certification, dispatching commercial product to an EU approved EU conformance testing lab, and having granted and retaining all required certifications ¹ .	N/A ¹	102,000
Tranche 3 [25 months]	To be confirmed for each party prior to 5 September 2020 ² .	N/A ²	204,000

1 In the prior period, subsequent to grant date, the vesting conditions attached to **Tranche 1** and **Tranche 2** were modified, such that:

- 25% (51,000 share options) were forfeited.
- 50% (102,000 share options) were split evenly between four new vesting conditions (12.5% each) (**Tranche 4A – 4D**, below).
- 25% (51,000 share options) were subject to only continued service conditions (**Tranche 4E**, below).

The modifications are beneficial to the employees and the new vesting conditions are taken into account in the determination of the share-based payment cost.

2 During the period, the previously yet to be determined vesting conditions applicable to **Tranche 3** were confirmed, resulting in four separate tranches (25% each) with unique vesting conditions. These modified tranches are referred to as **Tranche 3A – 3D**, below.

20. Share-based payments (continued)**(e) Specific ESOP details – Issue #1 (continued)****(ii) Currently issued**

Tranche [Vesting period]	Vesting conditions	2021 Number*	2020 Number
Tranche 3A [25 months] ²	Non-market performance conditions relating to the Company receiving NZ Medsafe “Good Manufacturing Practice” (GMP) within a prescribed time frame.	285,277	N/A ²
Tranche 3B [25 months] ²	Non-market performance conditions relating to the Company completing its first commercial harvest in relation to sales agreement with a specified customer within a prescribed timeframe.	285,277	N/A ²
Tranche 3C [25 months] ²	Non-market performance conditions relating to the Company achieving EU GMP certification within a prescribed timeframe.	285,277	N/A ²
Tranche 3D [25 months] ²	Non-market performance conditions relating to the Company achieving sales into the German market within a prescribed timeframe.	285,277	N/A ²
Tranche 4A [25 months] ¹	Non-market performance conditions relating to the establishment of a board-approved grower partner and collaboration agreement with a specified target party.	142,639	25,500
Tranche 4B [25 months] ¹	Non-market performance conditions relating to establishment of a commercialisation plan between the company and a specified target entity.	142,639	25,500
Tranche 4C [25 months] ¹	Non-market performance conditions relating to the company achieving various medicinal cannabis licences and authorities.	142,639	25,500
Tranche 4D [25 months] ¹	Non-market performance conditions relating to board-approved cash-flow and funding plans being confirmed.	142,639	25,500
Tranche 4E [25 months] ¹	Service condition.	285,277	51,000

* Includes impact for share split and forfeited share options.

¹ In the prior period, subsequent to grant date, the vesting conditions attached to **Tranche 1** and **Tranche 2** were modified, such that:

- 25% (51,000 share options) were forfeited.

- 50% (102,000 share options) were split evenly between four new vesting conditions (12.5% each) (**Tranche 4A – 4D**, below).

- 25% (51,000 share options) were subject to only continued service conditions (**Tranche 4E**, below).

The modifications are beneficial to the employees and the new vesting conditions are taken into account in the determination of the share-based payment cost.

² During the period, the previously yet to be determined vesting conditions applicable to **Tranche 3** were confirmed, resulting in four separate tranches (25% each) with unique vesting conditions. These modified tranches are referred to as **Tranche 3A – 3D**, below.

20. Share-based payments (continued)

(e) Specific ESOP details – Issue #1 (continued)

(iii) Measurement information

The following information is relevant in the determination of the fair value of share options granted:

ESOP Issue #1: Tranche 3A – 3D, and 4A – 4E	Equity settled		Cash-settled	
	2021	2020	2021	2020
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price				
• Tranche 4A – 4E	\$0.30	\$2.12	0.41	\$2.12
• Tranche 3A – 3D	\$0.50	\$2.12	0.41	\$2.12
Exercise price		\$nil		\$nil
Weighted average contractual life (in days)				
• Tranche 4A – 4E	93	848	184	549
• Tranche 3A – 3D	184	549	184	549
Volatility				
• Tranche 4A – 4E	96%	96%	78%	81%
• Tranche 3A – 3D	80%	81%	78%	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.

20. Share-based payments (continued)**(f) Specific ESOP details – Issue #2****(i) Originally issued**

Tranche [Vesting period]	Vesting conditions	2021 Number*	2020 Number
Tranche 1 [30 months] ³	Non-market performance conditions relating to developing the company's intellectual property (IP), licencing the IP, and supplying GMP-grade biomass.	N/A ³	9,500
Tranche 2 [30 months] ³	Non-market performance conditions relating to achieving Medsafe NZ GMP Certification, dispatching commercial product to an EU approved EU conformance testing lab, and having granted and retaining all required certifications.	N/A ³	9,500
Tranche 3 [30 months] ⁴	To be confirmed for each party prior to 1 October 2020.	N/A ⁴	28,000
Tranche 4 [30 months]	To be confirmed for each party prior to 1 October 2021.	117,640	28,000

* Includes impact for share split and forfeited share options.

³ In the prior period, subsequent to grant date, the vesting conditions attached to **Tranche 1** and **Tranche 2** were modified, such that:

- 25% (4,750 share options) were forfeited.

- 50% (9,500 share options) were split evenly between four new vesting conditions (12.5% each) (**Tranche 5A – 5D**, below).

- 25% (4,750 share options) were subject to only continued service conditions (**Tranche 5E**, below).

The modifications are beneficial to the employees and the new vesting conditions are taken into account in the determination of the share-based payment cost.

⁴ During the period, the previously yet to be determined vesting conditions applicable to **Tranche 3** were confirmed, resulting in four separate tranches (25% each) with unique vesting conditions. These modified tranches are referred to as **Tranche 3A – 3D**, below.

20. Share-based payments (continued)

f) Specific ESOP details – Issue #2 (continued)

(ii) Currently issued

Tranche [Vesting period]	Vesting conditions	2021 Number*	2020 Number
Tranche 3A [30 months] ⁴	Non-market performance conditions relating to the Company receiving NZ Medsafe “Good Manufacturing Practice” (GMP) within a prescribed time frame.	29,410	N/A ⁴
Tranche 3B [30 months] ⁴	Non-market performance conditions relating to the Company completing its first commercial harvest in relation to sales agreement with a specified customer within a prescribed timeframe.	29,410	N/A ⁴
Tranche 3C [30 months] ⁴	Non-market performance conditions relating to the Company achieving EU GMP certification within a prescribed timeframe.	29,410	N/A ⁴
Tranche 3D [30 months] ⁴	Non-market performance conditions relating to the Company achieving sales into the German market within a prescribed timeframe.	29,410	N/A ⁴
Tranche 4 [30 months]	To be confirmed for each party prior to 1 October 2021.	117,640	28,000
Tranche 5A [30 months] ³	Non-market performance conditions relating to the establishment of a board-approved grower partner and collaboration agreement with a specified target party.	11,029	2,375
Tranche 5B [30 months] ³	Non-market performance conditions relating to establishment of a commercialisation plan between the company and a specified target entity.	11,029	2,375
Tranche 5C [30 months] ³	Non-market performance conditions relating to the company achieving various medicinal cannabis licences and authorities.	11,029	2,375
Tranche 5D [30 months] ³	Non-market performance conditions relating to board-approved cash-flow and funding plans being confirmed.	11,029	2,375
Tranche 5E [30 months] ³	Service condition.	22,058	4,750

* Includes impact for share split and forfeited share options.

³ In the prior period, subsequent to grant date, the vesting conditions attached to **Tranche 1** and **Tranche 2** were modified, such that:

- 25% (4,750 share options) were forfeited.
- 50% (9,500 share options) were split evenly between four new vesting conditions (12.5% each) (**Tranche 5A – 5D**, below).
- 25% (4,750 share options) were subject to only continued service conditions (**Tranche 5E**, below).

The modifications are beneficial to the employees and the new vesting conditions are taken into account in the determination of the share-based payment cost.

⁴ During the period, the previously yet to be determined vesting conditions applicable to **Tranche 3** were confirmed, resulting in four separate tranches (25% each) with unique vesting conditions. These modified tranches are referred to as **Tranche 3A – 3D**, below.

20. Share-based payments (continued)**(f) Specific ESOP details – Issue #2 (continued)****(iii) Measurement information**

The following information is relevant in the determination of the fair value of share options granted:

ESOP Issue #2: Tranche 3A - 3D, 4, and 5A - 5E	Equity settled		Cash-settled	
	2021	2020	2021	2020
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price				
• Tranche 3A - 3D	\$0.50	-	\$0.41	-
• Tranche 4	\$0.41	\$2.12	\$0.41	\$2.12
• Tranche 5A - 5E	\$0.36	\$2.12	\$0.41	\$2.12
Exercise price	\$nil	\$nil	\$nil	\$nil
Weighted average contractual life (in days)				
• Tranche 3A - 3D	645	1,010	549	-
• Tranche 4 (from reporting date - no confirmed conditions)	645	1,010	645	1,010
• Tranche 5A - 5E	549	914	549	914
Volatility				
• Tranche 3A - 3D	76%	80%	78%	-
• Tranche 4	78%	80%	78%	81%
• Tranche 5A - 5E	80%	81%	78%	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.

21. Events After the Reporting Date

On 17 August 2021, the New Zealand Government reinstated Covid-19 Alert level 4 for the whole of New Zealand. The Alert Level 4 settings are applicable to the Auckland region until 31 August 2021 and for the rest of New Zealand until 27 August 2021. The level 4 lockdown in August 2021 does not affect the operations of the Company as Rua Bioscience Limited is in the business of medicine manufacturing and deemed as essential business. No adjustment for the lockdown has been included in the financial statements as this is treated as a non-adjusting subsequent event.

22. Net Tangible Assets

Net tangible assets per share is a non-NZ 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:

	2021	2020
	\$	\$
Total assets	30,851,469	15,727,112
(less): Intangible assets	(4,000,000)	(4,000,000)
(less): total liabilities	(2,017,423)	(1,325,150)
Net tangible assets	24,834,046	10,401,962
Number of shares issued at balance date	140,262,591	17,003,096
Net tangible assets per share	0.18	0.61

Tikanga Whakahāere Kaporeihana Statement of Corporate Governance

Statement of Corporate Governance for the year ended 31 June 2021 (FY21)

The board (Board) of Rua Bioscience Limited (Rua) is committed to ensuring that it has best practice corporate governance principles in place. Rua is committed to developing its authentic commitments to cultural, social and environmental wellbeing and conducting business in line with Rua's legal and regulatory obligations. High standards of business behaviour and accountability are expected of all directors and staff.

Rua largely follows the recommendations set out in the NZX Corporate Governance Code (Code). Rua listed on the NZX on 22 October 2020. The Board believes that its corporate governance practices since listing are substantially in line with the Code recommendations. Any exceptions are noted in the following section of this Annual Report.

The Board takes a continuous improvement approach to corporate governance. Its charters and policies are reviewed on a regular basis. Rua's policies and charters can be viewed on Rua's website on the investor portal at www.ruabio.com/investors.

This governance statement is current as at 30 June 2021.

Principle 1: Code of Ethical Behaviour

Code of Ethics

Rua adopted a written Code of Culture and Ethical Behaviour (Code of Ethics) prior to listing on the NZX. The Code of Ethics is a statement of Rua's core values and sets out expectations for ethical decision making and personal behaviour for directors (Directors, and together the Board), the Chief Executive (CEO) and his direct reports (Senior Management Team) and employees and contractors (together, Rua's People). The Code of Ethics is available to all of Rua's People. The Board requires all of Rua's People to confirm that they have read, understood and complied with the Code of Ethics. Rua's HR manager is responsible for providing training for Rua's People in relation to the Code of Ethics. The Code of Ethics is available on Rua's website.

Rua encourages Rua's People to communicate any concerns about any area of Rua. Details around reporting concerns and "whistle-blower" protection is set out in the Code of Ethics.

Ethical research, clinical trials and animal testing

Rua undertakes research on cannabinoid-containing plants and products. However, it does not currently participate in clinical trials using humans or animals. No animal testing is undertaken.

Financial product dealing policy

Rua's Financial Products Dealing Policy, along with the Financial Markets Conduct Act 2013, imposes strict limitations and requirements on Directors, officers, employees and contractors in dealing in Rua's quoted financial products (Rua Shares). These limitations prohibit direct or indirect dealing in Rua Shares while in possession of inside information and impose requirements for seeking consent to trade. A duty of confidentiality is also imposed that protects the dissemination and use of confidential company information.

No breaches of the Code of Ethics or the Financial Products Dealing Policy were reported in the year.

Principle 2: Board Composition and Performance**Role and responsibilities**

The Board is ultimately responsible for Rua's strategic direction. The role, responsibilities, composition and structure of the Board is detailed in the Board Charter. The Charter will be reviewed at least annually. In carrying out its activities, the Board's overriding responsibility is to act transparently, fairly, diligently and in accordance with all applicable laws and regulations including the NZX Listing Rules, the Companies Act, the Financial Markets Conduct Act, and Rua's constitution.

The Board has delegated authority for management of the business to the CEO, who in turn has sub-delegated authority to other members of the Senior Management Team with specified financial and non-financial limits for certain matters. All delegations are documented and reviewed annually.

Nomination and appointment of directors

Rua's Remuneration and Nominations Committee is responsible for nominating or recommending Directors to the Board and the full Board has the opportunity to consider candidates for appointment or reappointment. The Committee will review, from time to time, the structure, size and composition of the Board and its committees to ensure it has an appropriate mix of skills, qualifications, knowledge, experience and background. Rua will enter into a written agreement with each newly appointed Director establishing the terms of their appointment. Rua has written agreements with each Director outlining the terms of their appointment.

The number of elected Directors and the procedure for their retirement and election or re-election at annual meetings is determined in accordance with Rua's Constitution and the NZX Listing Rules. The Constitution requires Rua to have a minimum of three Directors of whom two are ordinarily resident in New Zealand. As at the date of this report the Board comprised five Directors, all of whom are ordinarily resident in New Zealand.

When considering the re-election of an existing Director, the Remuneration and Nominations Committee considers the length of service of the Director, and the Director's performance on the Board to date. It is the Board's general expectation that a non-executive Director will hold office for an aggregate period of approximately nine years (including re-elections).

A number of checks are undertaken before appointing a Director and putting them forward to shareholders as a candidate for election as a Director. The Board endeavours to provide shareholders with all relevant information to inform their decision on whether to elect or re-elect a Director.

Each Director has experience, skills and expertise that are of value to Rua. These are disclosed on pages 12 and 13 of this Annual Report. Directors' interests are also disclosed on page 117 of this Annual Report and their Rua shareholdings are on page 116 of this Annual Report.

Board diversity and skills

At Board level, diversity allows Rua to benefit from a range of different perspectives, which leads to healthier debate and decision-making. The Board believes that it is important to have a Board consisting of members with diverse backgrounds, experience and skills. The Board also believes that the tenure of each of its members is important as it seeks to balance independent, institutional knowledge gained through length of service and the importance of fresh perspectives in decision-making.

Director independence

The number of elected Directors and the procedure for their retirement and election at annual meetings is determined in accordance with Rua's company constitution and the NZX Listing Rules. There have been no changes to the Board's membership since Rua was first listed on the NZX.

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 five directors of whom three are considered to be independent. Those three are: the Chair, Trevor Burt; Anna Stove and Martin Smith. Brett Gamble is CEO of Tailorspace which owns 7.93% of Rua. Panapa Ehau is a Director, employee and co-founder of Rua and director of Hikurangi Enterprises Ltd which owns 7.53% of Rua.

Directors are encouraged to undertake appropriate training and education to ensure they remain current on how to best discharge their duty as a Director. The Senior Management Team provide regular updates on relevant industry, regulatory and company issues.

Board performance and training

All Directors have access to executives to discuss issues or obtain information on specific areas in relation to matters to be discussed at Board meetings, or other areas as they consider appropriate.

The Chair meets regularly with Directors to discuss and assess individual performance of each of the Directors. The Board will review and assess its performance as a whole on an annual basis and in such a manner as the Board deems appropriate including retaining independent external advisers.

The Board is satisfied that each Director has the necessary time available to devote to the position, broadens the Board's expertise and contributes relevant expertise in key functional areas of the company.

The Board Committees and Directors, subject to the approval of the Chair of the Board, have the right to seek independent professional advice at Rua's expense, where the Board Committee or individual deems it necessary to carry out its or their functions.

Directors' and officers' insurance and indemnity

Rua has in place a Directors' and Officers' liability insurance policy which is underwritten by Vero Liability Insurance Limited. This policy covers the Directors and Officers so that monetary loss suffered by them, as a result of actions undertaken by them as Directors or Officers, is insured to specified limits (and subject to legal requirements and/or restrictions). Directors annually consider the cost to RUA of this insurance and in their view it is reasonable.

Diversity

Diversity at Rua refers to all the elements that make individuals unique from one another, including, but not limited to, attributes or characteristics such as religion, ethnicity, language, sexual orientation, disability, age, political opinion, employment status, family status and any other ground for potential unlawful discrimination. It encompasses the ways Rua's people differ in terms of their education, life experience, job function, work experience, personality, location and career responsibilities.

Rua is committed to equal employment opportunities and treating all individuals fairly and with respect. Rua has a diverse workforce and we recognise that everyone has individual differences which can be leveraged to create stronger teams and which will ultimately drive stronger business performance.

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 HR Manager is responsible for providing advice in relation to diversity and inclusion and support to the Board, managers and staff.

The Board does not currently have any set measurable objectives under the Diversity and Inclusion Policy (as recommended under Recommendation 2.5 of the NZX Corporate Governance Code). 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 Māori.
- 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 30 employees, 16 are female and 14 are male.
- 25 employees have a tertiary or higher qualification

In the 2022 financial year the Board will consider the adoption of formal targets in order to set measurable objectives.

Gender composition

The gender composition of Directors and the Senior Management Team was as follows:

	As at 30 June 2021	
Position	Female	Male
Director	1 (20%)	4 (80%)
Senior Management Team	2 (29%)	5 (71%)

Principle 3: Board Committees

The Board has delegated a number of its responsibilities to Committees to assist in the execution of the Board's responsibilities. The use of Committees allows issues requiring detailed consideration to be dealt with separately by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and effectiveness of the Board. However, the Board retains ultimate responsibility for the functions of its Committees and determines their responsibilities.

The Committees meet as required and have terms of reference (Charters), which have been approved by the Board. The Charters can be found on Rua's website. The Charters are reviewed annually. Appointments to each Committee are made by the Board and membership is reviewed annually.

Minutes of each Committee meeting are available to all members of the Board, who are all entitled to attend any Committee meeting. Each Committee is empowered to seek any information it requires from Rua's People in pursuing its duties and to obtain independent legal or other professional advice.

Special purpose committees may be formed when required to review and monitor specific projects with the Senior Management Team or other executives.

Audit, Finance and Risk Management Committee

Members: Brett Gamble (Chair), Trevor Burt, Anna Stove

Purpose: The main purpose of this Committee is to assist the Board in providing oversight of matters relating to audit, the internal audit programme, financial reporting, financial management, risk management, among other things.

Meetings: At least three times a year

A quorum is two Committee members. The Committee undertakes an annual self-review of its objectives and responsibilities and of its terms of reference and performance. This review was undertaken and discussed with Rua's Board during the financial year.

The chair of the Committee is not the Chair of the Board and is not an independent Director. The NZX Corporate Governance principles recommend that the Audit, Finance and Risk Management Committee will be chaired by an independent Director. Rua's Board has considered the skills and experience of the Board and have determined that despite not being considered an independent Director, Brett Gamble is the most appropriate member of the Board to act as Chair of the Audit, Finance and Risk Committee given his experience and qualifications in the area of finance.

Employees are invited to attend meetings when it is considered appropriate by the Committee. The Chair of the Committee, at least once per year, meets with the auditors without any representatives of management present and is encouraged to seek advice from external consultants or specialists where the Committee considers that necessary or desirable.

Remuneration and Nominations Committee

Members:	Martin Smith (Chair), Trevor Burt, Brett Gamble, Anna Stove
Purpose:	To assist the Board in fulfilling its responsibilities in relation to the following matters, amongst other things: <ul style="list-style-type: none"> • Formal and transparent method for nominating and appointing Directors to the Board and determining their remuneration. • Appointment, remuneration, evaluation of, and succession planning in relation to, the CEO. • Review of the remuneration recommendations made by the CEO for the Senior Management Team. • Consideration and review of any incentive plans or payment targets and calculations for the CEO and Senior Management Team. • Review of the overall Rua-wide salary and incentive policies.
Meetings:	At least twice a year

A quorum is two Committee members. Employees only attend meetings at the invitation of the Committee. Membership of the Committee is reviewed annually.

Disclosure Committee

Members:	Trevor Burt (Chair of the Board), Rob Mitchell (CEO), Hamish White (CFO), Brett Gamble (Alternate as Audit, Finance and Risk Management Committee Chair)
Purpose:	The Board has established this Committee to oversee Rua's compliance with its Continuous Disclosure Policy and, accordingly, has delegated the day-to-day oversight of its continuous disclosure obligations to this Committee. <p>This Committee will be responsible for making the final decision as to whether or not information requires disclosure to NZX, taking into account the exceptions to the continuous disclosure obligations, and any timing requirements for disclosure, described in Rua's Continuous Disclosure Policy, which is available on Rua's website.</p>
Meetings:	As required

A quarterly report is to be provided to the Board on Rua's compliance with the Continuous Disclosure Policy and its continuous disclosure obligations.

Company Secretary

The Company Secretary is Hamish White, CFO. The Company Secretary is responsible for supporting the proper functioning of the Board and ensuring the appropriate policies and procedures are followed. The Company Secretary has a dual reporting line. On all governance matters, the CFO reports directly to the Board, through the Chair. On operating and financial matters, the CFO reports to the CEO.

Attendance at Board Meetings

Attendance at Board and Committee meetings during FY21 was:

	Board		Audit, Finance and Risk Management Committee		Remuneration and Nominations Committee		Disclosure Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Trevor Burt	12	12	3	3	2	2	0	0
Brett Gamble	12	12	3	3	2	2	-	-
Martin Smith	12	12	-	-	2	2	-	-
Anna Stove	12	12	3	3	2	2	-	-
Panapa Ehau	12	11	-	-	-	-	-	-

Note: there were no meetings of the Disclosure Committee.

Takeover Protocols

A set of takeover protocols have been developed and formally adopted by the Board. The protocols can be found on Rua's website.

Principle 4: Reporting and Disclosure

Rua is committed to keeping investors and the market informed of all material information about Rua and its performance, in a timely manner, to ensure that trading in its shares takes place in an efficient, competitive and informed market. In addition to all information required by law and regulations, Rua also seeks to provide sufficient meaningful information to ensure its investors, employees and other stakeholders, the communities within which Rua operates are well informed.

Rua's Continuous Disclosure Policy sets out the principles and requirements that support the commitment to timely and balanced disclosures. Day to day application of the policy is delegated to the Disclosure Committee. The Board is responsible for approving and monitoring internal and external financial and other reporting, including reporting to shareholders, NZX and other stakeholders. Any release that includes disclosure of a profit projection or forecast requires approval by the Chair of the Board, following consultation with Directors.

Directors in consultation with the Disclosure Committee consider at each Board meeting whether there is any material information which should be disclosed to the market.

Financial Reporting

Rua's Board is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on the present and future prospects of Rua.

A programme of clear, meaningful, timely and effective communications with shareholders is centred around a comprehensive set of information regarding Rua's operations and results being available on Rua's website and in shareholder reports.

The Audit, Finance and Risk Management Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness, balance and timeliness of financial statements. It reviews interim and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with financial reporting standards, stock exchange and legal requirements, and the results of the external audit. All matters required to be addressed and for which the Committee has responsibility were addressed during the period under review.

All interim and full-year financial statements are prepared in accordance with relevant financial standards.

For the financial year ended 30 June 2021, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Rua and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The CEO and the CFO are required to provide a letter of representation to the Board confirming that:

- Rua's financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice, are free of material misstatements, including omissions, give a true and fair view of the financial performance and position of Rua and the financial records have been properly prepared;
- the representations are based on a sound system of risk management, internal compliance and controls that provide for the implementation of the policies adopted by the Board; and
- Rua's risk management and internal control systems are operating effectively in all material respects.

A letter of representation confirming those matters was received in relation to the FY21 financial statements.

Non-Financial Reporting

Non-financial disclosures are made at least annually, including reporting of material exposure to environmental, economic and social sustainability risks and other key risks. The Board is committed to developing robust sustainability reporting and to measure and report on key sustainability aspects affecting its business.

Rua has a number of initiatives supporting its focus on the environment, people and communities. A process to measure carbon emissions and develop a formal environmental, social and governance (ESG) framework is currently underway.

Rua's inaugural Sustainability Report is included in this report at pages 40-45. Details are provided of Rua's initiatives in this area reported under the United Nations Global Compact Sustainable Development Goals and Rua's own Sustainability Framework. The report identifies material sustainability topics, grouped under the headings Environmental, Social and Governance. A programme of assessing climate risk has commenced and reporting under the TCFD framework will be included in the next Annual Report.

Principle 5: Remuneration

Remuneration of Directors, CEO and the Senior Management Team is one of the key responsibilities of the Remuneration and Nominations Committee. That Committee is also responsible for reviewing and evaluating any incentives schemes and the overall company-wide wage and salary position.

Rua's Remuneration Policy applies to the Board and the Senior Management Team of Rua. The Policy requires remuneration to be set at levels that recognise an individual's market value and that all of Rua's remuneration decisions will be transparent, fair and reasonable and based on merit, where appropriate. Rua does not discriminate on the grounds of gender, race, religion or belief, disability, age, sexual orientation or gender identity. External advice has been sought to ensure remuneration is benchmarked to the market for senior management positions and Board positions.

Director 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 was set for the 2021 financial year. 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. Directors voluntarily chose to take a reduction in fees of 30% to assist Rua's 2021 cashflow as a result of the Covid-19 Pandemic. The lower fee is shown in the table below.

The remuneration of Directors will be reviewed by the Remuneration and Nominations Committee who will consider benchmarking data from similar listed companies, amongst other information.

Director	Director's fee	Audit, Finance and Risk Management Committee fee	Nominations and Remuneration Committee fee	Total
Trevor Burt	\$81,000			\$81,000
Anna Stove	\$39,375			\$39,375
Brett Gamble	\$40,500	\$4,500 (Committee Chair)		\$45,000
Martin Smith	\$40,500		\$3,000 (Committee Chair)	\$43,500
Panapa Ehau	\$39,825			\$39,825*

*In addition to his director's fee, Panapa Ehau also receives a salary as an executive of Rua. In FY21, his salary was \$51,269, for a total remuneration (director's fee and executive salary) of \$91,094.

Directors are entitled to be reimbursed for reasonable travel, accommodation and other expenses incurred by them in connection with their attendances at meetings, or otherwise in connection with the Business. No retirement benefits will be paid to any Director on their retirement.

Senior Management Remuneration

Remuneration of the Senior Management Team, including the CEO, includes a mix of fixed and variable components. This is intended to reward the CEO and nominated executives for overall company and business unit performance against targets set by reference to appropriate benchmarks and key performance indicators; align their interests with those of shareholders; and ensure total remuneration is competitive by market standards.

The current provisions are made up of the relevant employee's base salary, cash allowances and any direct non-cash benefits (together, making up the fixed remuneration) and participating in Short Term Incentive schemes (STI) (subject to eligibility as determined by the Board).

The remuneration packages for the CEO and senior managers are all subject to Board approval, following recommendations from the Nominations and Remuneration Committee.

The CEO and nominated executives receive their fixed annual remuneration in cash and a limited range of prescribed benefits such as superannuation, motor vehicle and technology allowances. The total employment cost of any remuneration package is considered in determining an employee's fixed annual remuneration.

The current STI Scheme is directly linked to the achievement of operational targets and are set at the beginning of the financial year. The objective of the STI Scheme is to provide an additional incentive to the executive to achieve the targets and ensure that the cost to Rua is flexible and in line with the outcomes of the company for the current year. Actual STI Scheme payments depend on achieving specific targets, determined by the Board to be aligned with targets communicated to shareholders.

STI Scheme payments relating to the financial year ended 30 June 2021 are delivered as a taxable cash bonus and are payable on completion of the financial year. It should be noted that the level of remuneration detailed in this report for the CEO includes the bonus paid in the 2022 financial year relating to the 2021 financial year.

For the financial year ended 30 June 2021 the CEO was the only executive in the STI scheme. The STI Scheme payment values are set as a percentage of base cash remuneration, being 20% (pro-rata for 6 months) for the CEO for the financial year ended 30 June 2021.

For the financial year ended 30 June 2021, the CEO received \$310,299 in fixed annual remuneration. The STI Scheme payment for the CEO relating directly to the financial year was \$19,800, being 60% of his maximum available STI. The CEO participated in the Share Bonus offer, this includes both equity and cash settled components and was \$56,676. The CEO received other benefits of \$11,475.

Employee Remuneration

Amount of Remuneration and other benefits	Employees
\$100,001 - \$110,000	2
\$130,001 - \$140,000	1
\$140,001 - \$150,000	2
\$150,001 - \$160,000	1
\$160,001 - \$170,000	2

The table above includes Bonus Shares that were vested and exercised during the period. CEO remuneration is not included in this table as it is noted separately above.

Employee share ownership scheme

Rua has established an employee share ownership scheme to facilitate an increase in the level of participation by directors and employees as shareholders, which improves the alignment of interests with shareholders. Under the scheme, each eligible person was offered options which, if vested and exercised, each convert into 5.882 ordinary shares.

The first grant of options under the ESOP was made in September 2019 (Issue 1), there are currently 339,500 options that may vest related to this issue. An additional ESOP was made in March 2020 (Issue 2) to new senior employees and there are a further 51,250 options that may vest. Generally, these options will vest in 2 years from the grant date and be exercisable if the participant remains employed or engaged by Rua and specified performance criteria are achieved.

These options are exercisable at a nil exercise price and will expire if they are not exercised within 3 months of the vesting date. The consideration for which the options were issued is the services provided and to be provided by the participating Directors and employees under the terms of their engagement with Rua.

In May 2020, the Board invited selected employees to participate in a share bonus offer (Bonus Offer). Under this Bonus Offer, rights to 250,366 Shares were granted to participating employees.

Principle 6: Risk Management

The Board has overall responsibility for Rua's system of risk management and internal control and has procedures in place to provide control within the management and reporting structure.

The Audit, Finance and Risk Management Committee provides an additional and more specialised oversight of company risks. The Audit, Finance and Risk Management Committee Charter outlines the specific responsibilities of the Committee relating to risk management.

The Committee reviews and recommends to the Directors for approval Rua's half year and annual financial statements and advises the Board as to whether Rua's financial statements comply with applicable laws and regulations.

Financial reports are included in the pack prepared for review by the Board at each of its meetings to enable it to monitor management's performance against goals and objectives. The responsibilities of the Audit, Finance and Risk Management Committee include the following:

- ensure that management is implementing, and reporting to the Committee on, Rua's risk management framework (including the maintenance of Rua's risk register) and policies;
- report to the Board on the development of existing risks and the emergence of new risks;
- report to the Board on the main risks to Rua's performance, how these main risks are being managed under Rua's risk management framework and on any incident involving fraud or other breakdown of internal controls; and
- recommend to the Board whether the risk management processes as a whole are sufficient.

Risk profiles which identify, assess, monitor and report Rua's key business risks are formally reviewed by the Board at least annually as part of the Board's risk assessment process. These risk profiles also identify the key risk mitigation strategies which are in place. A summary is below:

Key Risk	Description of Risk	Mitigation
Failure to secure contracts to supply key markets	<p>Rua has adopted a specific near-term strategy which focuses on the supply of GMP grade medicinal cannabis into a small number of key markets primarily Germany, Australia and New Zealand.</p> <p>Rua's future profits are therefore dependent on wholesale buyers/distributors in those markets agreeing to take Rua products at sustainable margins.</p>	<p>Rua has established relationships with buyers in the EU (including under the sales agreement with Nimbus Health GmbH (Nimbus)) but execution of further distribution contracts in European markets will be contingent on proof that Rua is able to supply EU-GMP product. Preliminary discussions are progressing with Australian and New Zealand distributors.</p> <p>To mitigate the risk of market uncertainty and customer concentration, Rua is actively monitoring developments in other key markets and ensures it receives accurate and timely sales and market data from reputable sources. Rua Business cases will be developed to test the sustainability of participation in those markets prior to entry investment.</p> <p>Rua has expended resources from this capital raise to fund investment in Germany and other international target markets including building brand presence in those markets. In the medium/longer term, Rua proposes to use funds from sustainable revenues to continue investment in target markets and explore additional growth markets for its particular products.</p> <p>Rua has a contract to supply Nimbus but is confident that other distributors would take Rua supply if the Nimbus agreement were prematurely terminated or not renewed in the medium/long term. Rua believes that its strategy to have an exclusive arrangement with a single distributor in the German market represents the most efficient path to establishing sustainable revenue flows. Supplying multiple distributors would likely result in less favourable commercial terms than an exclusive arrangement.</p>

Key Risk	Description of Risk	Mitigation
Insufficient capacity to provide for product demand	<p>Rua proposes to grow some but not all of its own plants and instead will rely on cultivation partners for some of its supply of biomass and dried flower. Rua is relying on the plant genetics that it has sourced to deliver a premium product for the German market. There is risk that its internal or cultivation partner production may not entirely consist of biomass of sufficient quality for this premium product. Rua would struggle to source third party supply of biomass with the same plant genetics if its partner production was compromised in any way.</p> <p>If Rua is unable to secure sufficient biomass to meet the raw material demands of its customers, it may not be able to fulfil supply contracts to key markets.</p>	<p>Rua has signed multiple supply agreements with cultivation partners. The volumes of these supply contracts are small at this stage. As Rua establishes its processes, systems and sales opportunities it is planned that these volumes will increase.</p> <p>If Rua is unable to source sufficient biomass at the required quality for premium German product, it may be able to repurpose lower quality biomass for a more generic but lower value product. In this case, Rua may face lower revenue and margin opportunities compared to the expected outcome under its current plan to supply a premium product.</p>
Failure to meet market and regulatory product quality standards	<p>Rua is proposing a business model which focuses on the high-end medicinal cannabis market. That focus means future revenues will be dependent on delivering high quality pharmaceutical grade certified products reliably and consistently.</p> <p>Any quality control issues which result in contaminated product have the potential to mean contracted products cannot be supplied. This outcome could subsequently undermine Rua's credibility in key markets and result in a material risk to sustainable revenues.</p>	<p>Rua is developing capability in pharmaceutical grade cannabis cultivation and medicine manufacturing. It is recognised as an influential participant in a reputable and innovative agri-sector in New Zealand. It understands the critical importance of establishing and maintaining quality standards to provide premium products. Rua intends to mitigate this credibility risk by focusing on quality and ensuring all required licences and certifications are maintained.</p> <p>There is a risk that consistently high quality product may be more difficult to achieve in the short term while cultivation and production processes mature. Rua does not believe that this risk is any greater in the medium/longer term than it is now.</p> <p>Rua has purpose-built cultivation, laboratory and manufacturing facilities which it intends to have GMP certified as all pharmaceutical manufacturing must be. Rua will only procure plant biomass from growers who are able to comply with Rua's strict standards as stipulated in grower supply agreements and consistently meet quality control standards. Products will be fully traceable to batches and source material with rigorous quality testing and audits throughout the supply chain.</p>

Key Risk	Description of Risk	Mitigation
Regulatory compliance	<p>Medicinal cannabis markets in key jurisdictions have seen significant changes in recent years as legislation and regulations have developed. Authorities will continue to monitor the benefits, risks and regulation of products and market participants and seek to modify the regulatory environment as each market matures.</p> <p>There is a risk that legislative and regulatory changes, interpretations or delays in New Zealand and/or key export markets could disrupt Rua's business plans and materially impact on Rua's competitive strength in the global market.</p> <p>Rua's first focus for export is the German market which requires EU GMP certified product. Obtaining and retaining licenses is a critical requirement for Rua. Rua places priority on monitoring and meeting licensing conditions.</p>	<p>Rua proposes to remain agile while the market matures and be positioned to modify its business model to adapt to unanticipated changes in legislation and/or regulations.</p> <p>Strong cross-party support currently exists for increased access to medicinal cannabis in New Zealand. There is no indication from any party that a future government would remove or substantively change provisions of the Scheme that provide for domestic production, supply and export.</p> <p>Rua has taken an active interest in the New Zealand legislation and regulations, and will continue to provide ongoing feedback to regulators in all jurisdictions Rua operates in with regard to sector issues and opportunities for improvement.</p> <p>While Rua's lack of EU GMP certification is a risk now, it is not expected to impact medium/longer term plans once NZ GMP certification is attained. If NZ GMP certification and EU recognition is delayed significantly there may be an impact on anticipated revenue timeframes and this will add more urgency to securing additional market access based on NZ GMP certification.</p> <p>Rua maintains strong systems that enable Rua to strictly adhere to licence conditions and minimum quality standards at all times. Rua recently had its Medicinal Cannabis license renewed for both sites.</p>

Key Risk	Description of Risk	Mitigation
Inability to create and protect intellectual property	<p>Rua attributes specific value to its strategy to invest in research and development of cannabinoid based medicines. Its business model relies on the creation and protection of IP to achieve medium and long-term success. In the short term, any failure to protect Rua's existing IP, its plant genetics and its know-how on which near term revenues are based could compromise Rua's competitive position and may delay its path to breakeven.</p> <p>Rua aims to develop protectable IP in relation to the breeding, cultivating, extracting, formulating, manufacturing, clinically trialling and marketing of medicinal cannabis products. If new IP is not created then the potential value associated with Rua's focus on high quality, innovative products may not be realised.</p> <p>There is a significant risk of compromising Rua's investment by failing to adequately protect IP owned by Rua.</p>	<p>Rua has developed an Intellectual Property Strategy and undertaken regular reviews to identify upcoming, existing or desired IP and the appropriate protections required for each. For example, trademarks have been registered with appropriate authorities, products under development have been the subject of Freedom to Operate searches, robust confidentiality agreements are put in place before discussing opportunities and business plans with potential collaborators and contractors, staff have clauses in their employment agreements clarifying IP considerations and IP rights and responsibilities are clearly laid out in all research and commercial agreements.</p> <p>In the medium/longer term, Rua expects its investment in research and development of new cannabis based medicines and other intellectual property will enhance its competitive position and contribute new revenue opportunities. Failure to realise these opportunities could impact Rua's path to sustainable profitability.</p> <p>Departing staff cannot unlearn information, experiences and skills acquired during their time with Rua, so a key strategy is to retain our high calibre staff for as long as possible by making their roles interesting, meaningful and rewarding. Rua also aims to secure documents and information on departure of key staff as far as is practicable.</p>

Key Risk	Description of Risk	Mitigation
Low Prescriber Product Knowledge & Confidence	<p>Rua has focused on a small number of markets where supplying to prescription based clients is an integral part of the market. If prescribers are unaware of the range of products Rua produces, then those products are unlikely to be recommended as options for patients to help with their health problems. Unapproved medicines (those without clinical evidence and regulatory registration) cannot be marketed to patients or prescribers or make any claims as to efficacy. Low prescribing rates in Rua's chosen markets will adversely impact Rua's financial performance.</p>	<p>Rua works with organisations and individuals trusted by prescribers to increase prescriber knowledge and build product reputation.</p> <p>Rua has market-entry plans for the first three markets it plans to enter with strategies to engage key stakeholders in each jurisdiction and within the provisions of relevant regulations.</p> <p>Rua considers that its clinical development program and collaborations with clinical researchers will help to build prescriber confidence in the products and Rua.</p>
Failure to adequately prepare for and manage economic and social impacts of Covid-19 pandemic	<p>Covid-19 poses a serious global public health threat and has the potential to impact Rua's business plans.</p> <p>International travel restrictions may delay execution of additional partner agreements or accreditation of EU standards for those partners seeking to visit physical premises. These restrictions could delay Rua's ability to establish revenue flows.</p> <p>Rua's plans are reliant on its ability to deliver product to the German market. If this market were to become inaccessible for an extended period of time, it may compromise Rua's plans for sustainable revenue.</p>	<p>New Zealand is one of a small number of countries whose initial pandemic response has been effective in containing the spread of Covid-19.</p> <p>Strict border controls and quarantine measures have been implemented in New Zealand to minimise the risk of new outbreaks. Exports of pharmaceuticals have not been restricted to date.</p> <p>While MBIE does not provide formal accreditation of essential businesses, MBIE has advised that aspects of the Rua business may be essential and that Rua may continue to supply critical products and services to essential businesses.</p> <p>While economic and trade impacts may have lasting consequences, the Board's immediate focus will be on the health and wellbeing of its staff.</p> <p>Rua will continue to promote recommended hygiene protocols at its facilities and actively encourage staff to self-isolate at home at the earliest sign of symptoms.</p> <p>Rua has established systems that enable many staff to work remotely where necessary.</p>

Key Risk	Description of Risk	Mitigation
<p>Failure to adequately prepare for and manage economic and social impacts of Covid-19 pandemic</p> <p>Cont.</p>		<p>Rua will carefully monitor developments in the pandemic domestically and overseas to consider and respond to potential impacts on the supply chain and possible government imposed restrictions on the movement of people and goods.</p>

Crisis plans have been developed where required along with agreed protocols on actions to be taken and external and internal communication protocols.

Occupational Health and Safety statistics and reported data from each business are reviewed at each Board meeting. This includes serious and minor incidents along with near misses and corrective actions and internal training schemes.

The Board as a whole is responsible for monitoring corporate risk assessment processes and this is not delegated to a subcommittee. Staying safe, keeping others safe, and being corporately responsible are fundamental to what we are as an organisation.

Health and safety

The Board receives reports at each Board Meeting on Rua’s health and safety performance, including performance against plan, near miss reporting, progress with safety related initiatives and reviewing lead and lag indicators of performance.

Principle 7: Auditors

The Audit, Finance and Risk Management Committee monitors the ongoing independence, quality and performance of the external auditors and audit partner rotation. The schedule to the Audit, Finance and Risk Management Committee Charter establishes a framework for Rua's relationship with its external auditors in accordance with Recommendation 7.1 of the Code.

For the year ended 30 June 2021, PwC was Rua's external auditor. Maxwell John Dixon has been the audit engagement partner since 2019. Rotation of the audit engagement partner is required at least every five years and the Board is to approve the continued engagement of the external auditor on annual recommendation by the Committee.

The Committee pre-approves any non-audit work undertaken by PwC. Permitted services are listed in the Schedule to the Audit, Finance and Risk Management Committee Charter. The cost of audit services provided in the year ended 30 June 2021 was \$87,767. Further details are set out at page 118 of this annual report. No non-audit services were provided in financial year 2021.

The external auditors will attend the 2021 Annual Shareholders' Meeting.

As set out in more detail in the Audit, Finance and Risk Management Committee Charter, the roles of that Committee include the following:

- review and confirm the independence of the external auditor;
- review and approve, as necessary, services to be provided by the external auditor consistent with the framework and any related fees;
- review the scope, functions and performance of the internal audit programme;
- review any significant matters reported by the internal audit programme and management response;
- ensure that there is direct communication with the internal audit programme; and
- ensure that the internal audit programme is adequately resourced.

Internal audit

Rua has a number of internal controls overseen by the Audit, Finance and Risk Management Committee to ensure the integrity of key financial and operational data. This includes data access, internal financial controls, adequate resourcing, targeted internal audit programmes and monitoring management's response to external audit findings.

Rua's internal audit programme has the following functions:

- generate reports for the use of management, including the Senior Management Team;
- monitor and evaluate internal controls, the effectiveness of Rua's risk management and identify any shortfalls in processes; and
- report to the Audit, Finance and Risk Management Committee on any significant identified matters.

Due to the size of Rua's operations, rather than operating a dedicated internal audit function, directors review the Delegations Policy annually and pay close attention to matters raised by PwC, the external auditor.

Principle 8: Shareholder Rights and Relations

Rua aims to promote open and regular communication with shareholders and interested stakeholders. Rua seeks to encourage effective participation at Rua's shareholder meetings and distribute shareholder communications in accordance with the NZX Listing Rules and any relevant legislation.

Rua uses a variety of channels and technologies to keep its shareholders informed and to allow access to information, including market announcements through NZX, Computershare (Rua's share registry), the Rua website, shareholder and community roadshows, annual reports and annual meetings of shareholders.

Options for shareholders and other stakeholders to communicate with it and with Computershare are set out on the website. All market releases carry Rua's contact details. Rua responds to all shareholder communications within a reasonable timeframe.

Shareholders are actively encouraged to attend the annual meeting (whether in person or electronically) and may raise matters for discussion at this event, and vote on major decisions which affect Rua. Voting is by poll, upholding the 'one share, one vote' philosophy. Shareholders are also able to vote by proxy ahead of meetings without having to attend those meetings.

If additional equity is sought, the Board will consider offering shares to existing shareholders on a pro-rata basis before offering shares to other investors.

Notices of annual or special meetings of the shareholders are posted on Rua's website as soon as possible and at least 20 working days prior to the meeting.

In addition to shareholders, Rua has a wide range of stakeholders including communities in Te Tairāwhiti and research and commercial partners. Rua maintains open channels for all audiences, including its shareholders and stakeholders, as well as its own employees, brokers and the broader investing community.

Rua has a number of policies which uphold stakeholder interests, including but not limited to the Continuous Disclosure Policy and Financial Products Dealing Policy.



Nga Kōrero mo nga Kaipupuri Hea Shareholder Information

Spread of Shareholders

As at 31 August 2021

Range	Total Holders	Units	%Units
1 - 499	370	113,517	0.08
500 - 999	227	167,231	0.12
1,000 - 1,999	350	451,026	0.32
2,000 - 4,999	766	2,418,859	1.72
5,000 - 9,999	358	2,462,638	1.75
10,000 - 49,999	676	12,927,302	9.21
50,000 - 99,999	70	4,695,098	3.35
100,000 - 499,999	69	14,669,260	10.45
500,000 - 999,999	8	6,247,251	4.45
1,000,000 Over	15	96,169,229	68.53
Rounding			0.02
Total	2,909	140,321,411	100.00

Top 20 Shareholders

As at 31 August 2021

Rank	Name	Units	% Units
1	Fang Group Investment Limited	23,584,939	16.80
2	Hikurangi Bioactives Limited Partnership	17,616,591	12.55
3	Tailorspace Capital Limited	11,129,375	7.93
4	New Zealand Depository Nominee Limited <A/C 1 Cash Account>	9,992,135	7.12
5	Andrew Charles Williams	7,756,838	5.53
6	FNZ Custodians Limited <DTA Non Resident A/C>	6,753,214	4.81
7	Ridings Brothers Limited	4,492,196	3.20
8	Custodial Services Limited <A/C 4>	2,982,184	2.12
9	Martin Walter Smith & Aneta Lisa Bird & Sara Maree Lunam <Wakaroma A/C>	2,544,732	1.81
10	Forsyth Barr Custodians Limited <1-Custody>	1,908,019	1.36
11	Pathfinder Caresaver - NZCSD	1,778,101	1.27
12	Aoraki Holdings (No 2) Limited	1,536,123	1.09
13	Joseph Davenport	1,387,270	0.99
14	Greg Antony Anderson & Nicola Marie Anderson <The Orange A/C>	1,273,510	0.91
15	Yanling Huang	1,210,000	0.86
16	Masterportfolio Nominees Limited - NZCSD <NZPT42>	998,067	0.71
17	Je Long Trustee Company Limited <The John E Long A/C>	773,382	0.55
18	Anna Kate Stove	763,896	0.54
18	Breakaway Investments Limited	763,896	0.54
20	Bruce Bennett Holm	750,070	0.53
Totals: Top 20 holders of ORDINARY SHARES (Total)		99,994,538	71.24
Total Remaining Holders Balance		40,376,873	28.76

Substantial Security Holdings

According to Notices given under the Financial Markets Conduct Act 2013, the following were substantial security holders of Rua as at 30 June 2021.

Rank	Name	Units	% Units
1	Fang Group Investment Limited	23,584,939	16.80
2	Hikurangi Bioactives Limited Partnership	17,616,591	12.55
3	Tailorspace Capital Limited	11,129,375	7.93
4	New Zealand Depository Nominee Limited <A/C 1 Cash Account>	10,030,773	7.15
5	Andrew Charles Williams	7,756,838	5.53

Directors Security Holdings

Rua Bioscience securities in which each Director has a relevant interest as at 30 June 2021 are:

Name	Units	% Units
Wakaroma A/C (Martin Smith)	2,544,732	1.81
Aoraki Holdings (No 2) Limited (Brett Gamble)	1,536,123	1.10
Anna Stove	763,896	0.54
Breakaway Investments Limited (Trevor Burt)	763,896	0.54
Panapa Ehau	279,392	0.20
Positano Holdings Ltd (Brett Gamble)	269,791	0.19

Directors Security Dealings

During the year ended 30 June 2021 there were no Directors security transactions in respect of section 148(2) of the Companies Act 1993 and sections 297(2) and 298(2) of the Financial Markets Conduct Act 2013.

Directors Interests

The following are details of general disclosures of interest by directors holding office as at 30 June 2021, pursuant to section 140(2) of the Companies Act 1993. The director will be regarded as interested in all transactions between Rua Bioscience and the disclosed entities.

Name	Company	Position
Trevor Burt	The Lamb Company North America	Chair
	MHM Automation Ltd	Chair
	Market Gardeners Ltd	Director
	Landpower Group Ltd	Director
	Ben Gough Family Trust	Trustee
Panapa Ehau	Hikurangi Enterprises Ltd	Director
	Waiapu Investments Ltd	Director
	Hikurangi Huataukina Trust	Trustee
Brett Gamble	Alvarium Investments (NZ) and Related Companies	Director/Shareholder
	New Zealand Discretionary Investment Management Services Limited	Director
	Newton Ross Limited	Director
	Pathfinder Asset Management Limited	Director
	Tailorspace	CEO
	Mobile Medical Technology Ltd	Director/Shareholder
Martin Smith	Damar Industries Ltd	Director
	Reefton Distilling Company Ltd	Director
Anna Stove	Pacific Edge Limited	Director
	TAB NZ	Deputy Chair
	Global Women NZ	Chair

Changes in Director Interests

Directors made the following entries in the Directors Interests Register pursuant to section 140 of the Companies Act 1993 during the year ended 30 June 2021:

Director	Interests
Anna Stove	Appointed Director of Pacific Edge Ltd. Appointed Deputy Chair of TAB NZ
Brett Gamble	Appointed Director New Zealand Discretionary Investment Management Services Limited Appointed Director Newton Ross Limited Appointed Director Pathfinder Asset Management Limited

Donations

New Zealand Medical Cannabis Council	17,500
Medical Cannabis Awareness New Zealand	3,000
Make it Legal Aotearoa	2,000
TOTAL	24,670

Auditor Fees

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

	2021	2020
	\$	\$
Audit and review of the financial statements		
- Audit of the financial statements	60,132	47,775
- Review of half year financial statements	27,635	8,925
Total audit and review fees	87,767	56,700
Other services		
- Business valuation services	-	19,950
Total other services	-	19,950
Total fees paid to auditors	87,767	76,650

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 2021.

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

140,262,591 Ordinary Shares

Registered Office

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

Shareholders

Listed on the NZX main board.

Share Registrar

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

Directors

Trevor Burt
Panapa Ehau
Brett Gamble
Martin Smith
Anna Kate Stove

Chief Executive Officer

Rob Mitchell

Auditors

PricewaterhouseCoopers

Legal Advisers

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



Poipoiā te kākano kia puāwai
– Nurture the seed and it
will blossom.

Tēnei te mihi ki a koutou ngā
kaitautoko o tēnei kamupene,
kei te kōkiri mātou i te
kaupapa kia tutuki ai nga
wawata i wawatatia.

IRUA

www.ruabio.com