



IRUA

B I O S C I E N C E

Product Disclosure Statement

Initial Public Offering of ordinary shares in
Rua Bioscience Limited

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on disclose-register.companiesoffice.govt.nz/. Rua Bioscience Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

25th September 2020

LEAD MANAGER

 **Northington**
Partners

CO-MANAGER

 **FORSYTH BARR**

Key information summary

1.1

What is this?

This is an offer of ordinary shares (**Offer Shares**) in Rua Bioscience Limited (**Rua** or the **Company**). Ordinary shares in Rua give you a stake in the ownership of Rua. You may receive a return if dividends are paid or Rua increases in value and you are able to sell your Shares at a higher price than you paid for them.

If Rua runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

1.2

About Rua

Rua is a New Zealand pharmaceutical company that is aiming to be a leading producer of cannabinoid derived medicines. The Company was established in 2017 in part to support local economic development in Te Tairāwhiti (East Coast) region, and is a pioneer in the New Zealand medicinal cannabis sector. It was the first company in New Zealand to obtain a licence to cultivate cannabis for research purposes and the Company's co-founder was actively involved in both the establishment of the key industry association and the development of the regulatory framework that is now in place to govern the sector. Rua will operate in the research, cultivation, extraction and manufacturing parts of the medicinal cannabis supply chain.

Rua operates only in the medicinal part of the cannabis sector and has no plans to enter the recreational cannabis market in New Zealand or in any other country.

Rua is currently (and has from its inception been) a pre-revenue, loss-making business that is reliant on raising capital to fund its operations. Rua expects that it will continue to be loss-making for at least the next two years. In order to support its longer-term strategy and generate revenue as quickly as possible, the Company intends to make its first material sales through wholesale exports of pharmaceutical grade dried flower into Germany.

Rua has secured a sales agreement with leading German wholesale importer and distributor Nimbus Health GmbH (**Nimbus**), and has developed two commercial-scale facilities: a controlled cultivation facility in Ruatorea and an extraction and manufacturing facility in Gisborne. By prioritising wholesale exports in the short term, Rua intends to generate revenue to support its on-going investment into a range of long term value opportunities, including genetics research, product development, clinical trials and brand development.

Rua holds a Medicinal Cannabis Licence from New Zealand's Medicinal Cannabis Agency, permitting it to operate in the medicinal cannabis sector commercially. It is working with Medsafe at the Ministry of Health to secure the Good Manufacturing Practice (**GMP**) certification which is required to be in place before commencing commercial production. Rua expects to be audited for GMP in Q4 2020, and the Company expects to be certified for GMP by no later than Q1 2021.



For more information, see Section 2 (Rua and what it does).

1.3

Purpose of this Offer

The purpose of this Offer is to raise new capital to support the Company's goal of generating sustainable revenue to assist with its next stage of growth. The proceeds from the Offer will be used to fund:

- In-market investment in Germany and other international target markets, including potential investment in New Zealand branding for those markets.
- Capacity and capability expansion at its existing cultivation and manufacturing facilities in line with future growth in demand.
- Research and development in areas such as plant genetics, product formulations and clinical trials¹.
- Operational costs and working capital as Rua enters commercial production.
- Costs associated with the Offer and the Listing on the NZX Main Board.



For more information, see Section 3 (Purpose of the Offer).

¹ However, Rua's goal of achieving sustainable revenue in the short to medium term does not rely on clinical trials beginning or concluding.

1.4

Key terms of the Offer

Key Terms	Description
Description of the equity securities	Fully paid ordinary shares
Price	\$0.50 per Offer Share
Total number of Shares being offered under the Offer	40 million
Total number of Shares on issue on completion of the Offer	140,012,225
Shareholding the Shares being offered will represent following the Offer	28.6%
Priority Offer² and Broker Firm Offer open	5 October 2020
Priority Offer closes	13 October 2020
Broker Firm Offer closes	16 October 2020
Settlement and allotment	21 October 2020
Listing, expected commencement of trading on the NZX Main Board	22 October 2020
Earliest expected mailing of holding statements	23 October 2020
Liabilities, fees or charges	If you sell your Shares, you may be required to pay brokerage or other sale expenses. You may also be liable for tax on the sale of your Shares. You should seek your own tax advice in relation to your Shares.

The above dates are indicative only and may change. Rua, in consultation with the Lead Manager, reserves the right to vary or extend these dates. Rua may also withdraw the Offer at any time before Settlement or accept late Applications (either generally or in individual cases).



For more information, see Section 5 (Terms of the Offer) and Section 13 (Glossary).

1.5

How you can get your money out

Rua intends to quote the Shares on the NZX Main Board. This means you may be able to sell them on the NZX Main Board if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

² The Priority Offer is open to eligible residents in the Gisborne constituency which makes up the Gisborne District Council region (in the postcodes 4000-4099), shareholders of Waiaapu Investments Limited and any other person invited by Rua to participate in the Priority Offer. For more information, see Section 5.2 (Components of the Offer).

1.6

Key drivers of returns

Drivers of financial performance

Key strategies and plans

Achievement of Licences and Certifications

Rua must be GMP certified by Medsafe before it can commence production and sales to target markets.

Sales Volumes in Key Export Markets

Export revenues will be affected by market prices and demand in the target geographies, along with local regulatory developments.

Rua's performance in export markets is also reliant on the ability of its appointed wholesale and distribution partners to successfully market and support Rua's product in each market.

Production Capability and Costs

A key driver of Rua's potential sales volume is the scale of its licensed production facilities and the capacity provided by its cultivation partners.

Rua has not yet completed a commercial production cycle, and as such, there remains a degree of uncertainty in relation to its current cost estimates.

Intellectual Property Development

In the longer-term, Rua's revenue and earnings will be increasingly driven by differentiated products and its development of protectable plant genetics, product formulations and consumer brands.

Completed to Date

- Recruited staff with significant experience in GMP production standards. The team has developed comprehensive standard operating procedures required for GMP operations.
- Engaged with experienced consultants in New Zealand and Europe during the facility design process to enable the Company to meet the required quality standards for GMP.
- Designed purpose-built facilities to enable compliance with licence requirements.
- Established a track record of securing licences and approvals in the medicinal cannabis sector, including being the first private company in New Zealand to receive a licence for cultivating cannabis for research purposes.

Ongoing and Future Plans

- Continue to remain compliant with licensing requirements and work with Ministry of Health accordingly.

Completed to Date

- Executed a sales agreement with Nimbus, a leading nation-wide medicinal cannabis distributor based in Germany.
- Conducted due diligence on Nimbus, to verify that it is a credible supplier of medicinal cannabis products to pharmacists in Germany.
- Developed a commercialisation and marketing plan with Nimbus.

Ongoing and Future Plans

- Explore distribution options into New Zealand and Australia, and, in the longer term, selected European and Asian markets to support growth and diversification of revenue.
- Work with the distribution partner in each market to develop and implement a sales and marketing strategy that leverages the value of Rua's cultivars, New Zealand's compelling provenance story and the Company's unique social mission (as further described in Section 2.3 (*Key business strengths*)).
- Target export markets based on favourable supply and demand dynamics, and high but predictable regulatory standards.
- Ensure that Rua can reliably produce the types of medicinal cannabis products that are demanded by patients in its target markets.

Completed to Date

- Designed and developed the existing cultivation and manufacturing facilities to enable cost-efficient expansion.
- Focused initially on indoor production, which is expected to allow the first production cycles to be managed with a reasonable level of certainty around the quality and quantity of product produced.
- Engaged advisors to optimise its breeding program and cultivation operations.

Ongoing and Future Plans

- Plan to expand the existing cultivation site in Ruatorea to increase production capacity.
- Develop cultivation relationships where third-party growers cultivate and supply medicinal cannabis biomass for Rua under an exclusive arrangement (see Section 2.7 (*Cultivation Partners*) for more details). This is not only expected to provide capital-efficient growth in raw material supply but should also provide geographical diversification to lower the risk of production disruptions from unforeseen events.

Ongoing and Future Plans

- Establish formal collaborations with a growing number of New Zealand and international research institutions and experts (see Section 2.8 (*Research and Commercial Partners*)).
- Work with local cannabis breeders to convert New Zealand cannabis varieties, previously grown illicitly, into well characterised commercial varieties.
- Leverage Rua's unique social mission to develop authentic brands that appeal to patients and prescribers worldwide who are seeking ethically produced products (see Section 2.3 (*Key business strengths*)).



You should read this table in conjunction with Section 2 (Rua and what it does), Section 7 (Rua's financial information) and Section 13 (Glossary).

1.7

Key risks affecting this investment

Investments in shares are risky. You should consider if the degree of uncertainty about Rua's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares. Rua considers that the most significant risk factors that could affect the value of the Shares are:

<i>Risk Factors</i>	<i>Description</i>
Product Quality Risk	Rua is proposing a business model which focuses on the high-end medicinal cannabis market. This focus means future revenues will be dependent on delivering high quality pharmaceutical grade certified products reliably and consistently. Any quality control issues which result in contaminated product have the potential to mean contracted products cannot be supplied. This will subsequently undermine Rua's credibility in key markets and result in a material risk to sustainable revenues.
Market Risk	Rua's specific near term strategy is focused on supplying GMP grade medicinal cannabis products into a small number of key markets (primarily Germany, Australia and New Zealand) through wholesale buyers/distributors in those markets. Rua's future profits are therefore dependent on wholesale buyers/distributors in those markets agreeing to take Rua's products at sustainable margins. Rua is competing with other eligible products in those markets, and the level of competition and other market dynamics could have an impact on demand, sales and sales prices.
Regulatory Risk	<p>The medicinal cannabis market is in the early stages of legalisation in New Zealand and globally. There is a risk that legislative and regulatory changes or delays in New Zealand and/or key export markets could disrupt Rua's business plans and materially impact Rua's competitive strengths in the global market.</p> <p>Rua's first focus for export is the German market which requires EU GMP certified product. The relevant details of the Mutual Recognition Agreement between NZ and the EU on GMP for medicines and active pharmaceutical ingredients are still being addressed between the EU and Medsafe, which presents a potential risk to Rua for early access to the German market³.</p>
Intellectual Property Risk	Rua aims to develop protectable intellectual property in relation to breeding, cultivating, extracting, formulating, manufacturing, clinically trialling and marketing of medicinal cannabis products. Each part of the value chain has different levels of barriers to entry, and the costs of protecting intellectual property could be prohibitive. If new intellectual property is not created then the potential value associated with Rua's focus on high quality innovative products may not be realised. There is a significant risk of compromising Rua's investment by failing to adequately protect any intellectual property the Company develops and/or obtains.

This summary does not cover all of the risks of investing in the Shares. You should also read Section 8 (*Risks to Rua's business and plans*).

1.8

Where can you find Rua's financial information

The financial position and performance of Rua are essential to an assessment of this Offer. You should also read Section 7 (*Rua's financial information*).

³ For a fuller discussion on the EU Mutual Recognition Agreement, see Section 2.4 (*Industry Overview*).



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Contents

1	PAGE 2	Key information summary
	PAGE 8	Letter from the Chair
2	PAGE 12	Rua and what it does
3	PAGE 48	Purpose of the Offer
4	PAGE 49	Key dates and Offer process
5	PAGE 50	Terms of the Offer
6	PAGE 54	Key features of the Shares
7	PAGE 54	Rua's financial information
8	PAGE 58	Risks to Rua's business and plans
9	PAGE 63	Tax
10	PAGE 63	Where you can find more information
11	PAGE 63	How to apply
12	PAGE 64	Contact information
13	PAGE 66	Glossary



Letter from the Chair

Kia Ora,

E hika mā, tēnā tātau.

Tēnā tātau ngā kārangarangatanga maha kei waenganui i a tātau i tēnei wā. Anei mātau o te kamupene nei a Rua Bioscience e mihi maioha atu nei ki a koutou, ā, mā te Rungarawa koutou e manaaki, e tieki.

On behalf of Rua Bioscience, it is my pleasure to introduce this Product Disclosure Statement (**PDS**) to you and invite you to invest in our company.

Rua Bioscience offers New Zealanders an opportunity to invest in a highly focused leader in the medicinal cannabis sector, and in a company that is purpose-led, well advanced, realistic and capable. Importantly, for a pre-revenue company in a sunrise industry, Rua Bioscience has a 'doable' export strategy which sets out a clear pathway to revenue.

Proceeds from the IPO will fund Rua Bioscience's next stage of development, build long-term resilience and accelerate growth. All funds raised will be retained by the company as new capital, with no allowance for a sell down by existing shareholders. The IPO includes a priority offer for Tairāwhiti residents.

Medicinal cannabis is a sunrise industry in New Zealand, but it is a proven sector around the world. While medicinal cannabis has developed in other markets, we have had the opportunity to learn from the countries ahead of us, meaning New Zealand is in a very good position in a developing sector - at the leading edge, not the bleeding edge.

Rua's story and deep roots in its local community differentiate it in New Zealand and around the world. The company is uniquely grounded in a purpose to use the power of the plant to heal the people and the land, creating sustainable economic opportunities for our East Coast communities. This gives the company's ongoing success a deeper meaning.

Co-founders Manu Caddie and Panapa Ehau have attracted a team of high calibre people who believe in the company's purpose and are genuinely excited by the opportunities in front of Rua. Our CEO, Rob Mitchell is a great example of this, moving

to live in Gisborne to add his global pharmaceutical expertise to the company. Rua also has a strong, skills-based Board with the expertise needed to deliver on the company's strategy.

New Zealand's Medicinal Cannabis Scheme became operational in April. We are now licensed by the Ministry of Health for commercial cultivation, manufacturing and supply of cannabis derived pharmaceuticals. Manu Caddie was closely involved in the development of this scheme, so we have a deep understanding of the regulations and our obligations under them.

With the New Zealand market in its infancy, Rua Bioscience has an export strategy to provide a clear path to revenue. We've been building the capability to achieve this and laying the foundations for diverse revenue streams over time. We are now well advanced and over the last 18 months have executed on our strategy, completing key milestones including:

- Development of plant cultivation and genetics IP
- The harvest of the first crop of medicinal cannabis flowers for Rua's long-term plant genetics and breeding programme
- Secured binding sales agreement with a reputable distributor, Nimbus Health in Germany
- The completion of purpose-built and licensed cultivation and manufacturing facilities in Ruatorea and Gisborne
- Recruitment of world-class personnel across governance, management and operations

Our first material sales will be through wholesale exports of pharmaceutical grade dried cannabis flower into the German market via our agreement with Nimbus Health. It's a market we understand, and we have a clear plan to achieve success there.

Raising capital now, with these solid foundations in place, allows the business to move into commercialisation. The funding will support Rua Bioscience to expand its cultivation and processing expertise, and allow critical investments to be made to secure further international partnerships. We have a robust, realistic strategy in place and an IPO provides the right financial structure to deliver on this.

Rua Bioscience is looking to secure funding from a broad investor base who are committed to the long-term success of the business. New investors will join a committed and diverse foundation shareholder base.

This PDS contains important information about Rua Bioscience and the Offer. I encourage you to read it carefully and consider, in particular, Section 8 (*Risks to Rua's business and plans*) before making your investment decision.

I look forward to welcoming you as a shareholder in Rua Bioscience.

Ngā mihi

Trevor Burt - Chairman, Rua Bioscience





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***" We started with a dream
to help our community
by helping people
everywhere "***

- Co-Founders Manu Caddie and Panapa Ehau



2 Rua and what it does

2.1

Summary Overview of Rua

Rua is a New Zealand pharmaceutical company aiming to be a leading producer of cannabinoid derived medicines for both export and local markets. Rua has been an early mover in the New Zealand cannabis sector and was the first private company in New Zealand to receive a licence to cultivate cannabis for research purposes. Rua was founded in Ruatorea to support local economic development, and it remains strongly committed to the East Coast region.

Rua is currently a pre-revenue, loss-making business. Please see Section 7 (*Rua's financial information*) for more information.

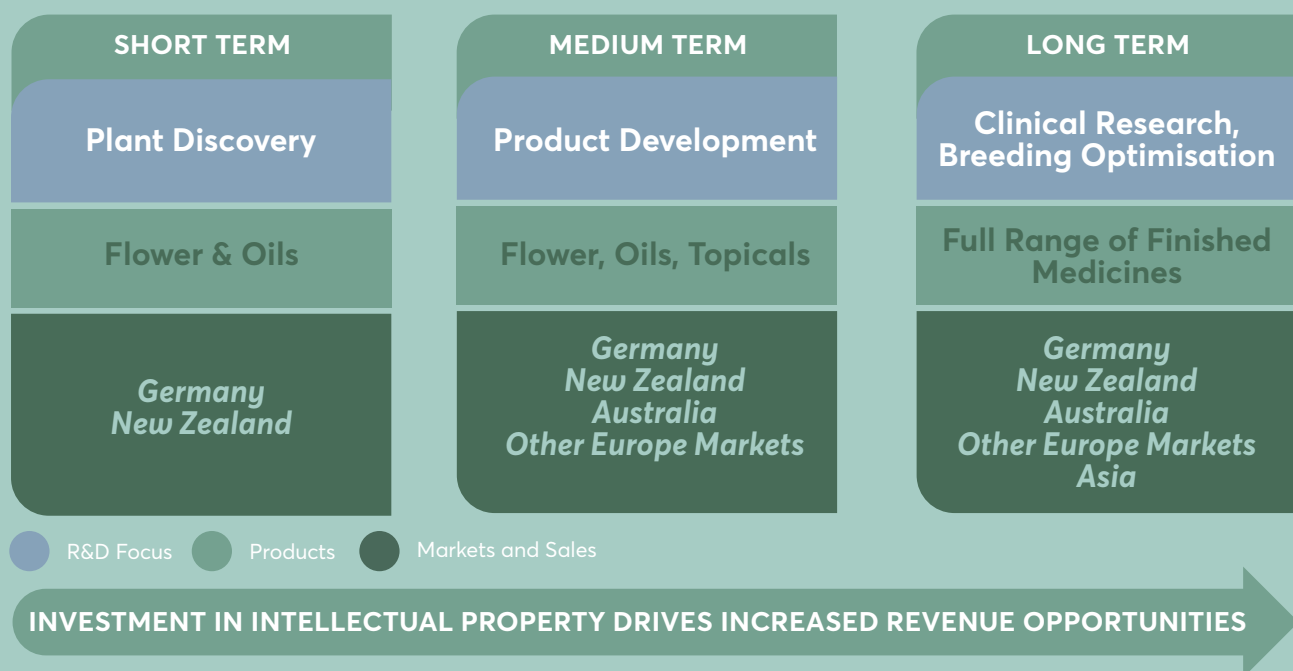
As at the date of this PDS, the Company employs 22 people (approximately 20 full time equivalents). Rua is led by its CEO Rob Mitchell, who has over 30 years of experience working in various senior roles for major global pharmaceutical companies. Rua aims to provide local employment opportunities across a number of relevant disciplines, and plans to implement a range of initiatives to create pathways for locals to upskill their capabilities.

Rua has invested approximately \$6 million to construct two purpose-built commercial-scale facilities, a controlled cultivation facility in Ruatorea and an extraction and manufacturing facility in Gisborne. These facilities are both currently operational, but in order to viably produce and sell medicinal cannabis products, the Gisborne facility must first obtain GMP certification by Medsafe⁴. Preparation for the Medsafe audit is well advanced, including the development of comprehensive standard operating procedures, qualification of the facility and equipment, and validation of production processes.

Rua submitted the relevant documentation for the audit in July 2020 and an audit date is set with Medsafe for early November 2020. Rua expects to be certified for GMP by no later than Q1 2021.

Rua's short-term strategy targets an attractive opportunity to provide wholesale supply to countries that require the GMP standard for medicinal cannabis products. The immediate focus is on the German market, which Rua understands is the single largest GMP grade medicinal cannabis market in the world and which is currently benefiting from favourable pricing dynamics driven to a large degree by insurance coverage for most patients. Rua has a binding sales agreement with a licensed German importer and wholesaler which is conditional on the parties meeting regulatory requirements (further information in relation to this agreement is available on the Offer Register in the document titled "Other Material Information"). Rua anticipates its first sales into the German market will take place by the end of H2 2021⁵. Once the Company has secured sustainable revenues, available funds will be invested into proprietary research, product formulations and consumer brand development, which Rua believes will drive long-term financial performance in the sector.

Summary of Rua's Strategy



The current and future aspects of Rua's business that have, or may have, the most impact on the financial performance of the business, together with the strategies and plans for these aspects of Rua's business, are summarised in Section 1.6 (*Key drivers of returns*). The remainder of this section provides further details on each key component of Rua's business and those strategies and plans.

⁴ For more information regarding GMP certification, see Medsafe, *Introduction to the New Zealand Code of Good Manufacturing Process for Manufacture and Distribution of Therapeutic Goods*. Retrieved 18 September 2020, from <https://medsafe.govt.nz/regulatory/Guideline/NZGMPCodePart1Intro.asp>.

⁵ For completeness, Rua expects that there will be local sales in H1 2021, although the first export revenue is expected in H2 2021.

2.2

Business Model

Rua was established to take advantage of opportunities relating to the emerging cannabis industry, with a focus on job creation through breeding, cultivation, manufacturing and supplying medicinal cannabis into international markets. This strategy is supported by the Company's knowledge and expertise in cannabis breeding and cultivation⁶, New Zealand's reputation for high quality natural products and Rua's commitment to industry leading corporate social responsibility standards, specifically the Global Cannabis Partnership's Responsible Cannabis Framework⁷. To achieve the Company's vision of becoming a global pharmaceutical company and leader in cannabinoid derived medicines, Rua's strategic priorities are summarised below:

Area	Completed	Current and Future Priorities	
Plant Discovery & Breeding	1 Initial Genetic Discovery	Cultivation Optimisation	Plant Science and Innovation
Product Supply	2 Facilities Completed Cultivation Partner Secured	GMP Certification	Facilities Expansion
Sales	3 German Sales Agreement	Sustainable German Sales	New Geographies
Product Development	4 Dried Flower and Extracts Capability	Medicine Formulations	Clinical Trials
Brand Development	5 Unique Story of Regional Revitalisation	Germany Focus	Authentic Brand Portfolio



⁶ See Section 2.6 (Operations).

⁷ See Section 2.3.4 (Strong Distinctive Purpose) for more information on Rua's membership in the Global Cannabis Partnership and its commitment.

1 Plant Discovery & Breeding

Rua's plant discovery and breeding programme commenced in August 2018. This programme involves cultivating and selecting for breeding different varieties of cannabis plants in order to optimise genetic attributes (morphological, chemical, yield, pest and diseases resistance, for example) of Rua's plant varieties and developing cultivars with desirable and consistent characteristics. The early stages of the programme have allowed Rua to select plant genetics and develop cultivation techniques in anticipation of commercial production. The Company intends to expand on this programme through an international collaboration with its cultivation and medical advisors, who Rua believes are among the world's leading experts in this field (see Section 2.6 (*Operations*) and Section 2.8 (*Research and Commercial Partners*)).



2 Product Supply

Rua's indoor cultivation facility in Ruatorea has an estimated current capacity of 160kg⁸ of dried flower per year. Utilising part of the proceeds of the Offer, Rua plans to expand this site in 2021. Rua's cultivation partner (see Section 2.7 (*Cultivation Partners*)) is planning to build a controlled greenhouse facility with an estimated capacity of 870kg per year. Plants grown from the Ruatorea cultivation facility and the cultivation partner's controlled greenhouse facility will then be dried (some may be milled) and packed for transporting to the manufacturing facility in Gisborne.

Rua's manufacturing facility in Gisborne will extract, process, manufacture and package cannabis products, and has sufficient capacity for both internal and cultivation partner supply. The Gisborne facility must obtain GMP certification before Rua can commence commercial production.

3 Sales

First material revenues are expected to come from sales of pharmaceutical grade dried flower to Germany via Rua's sales agreement with Nimbus⁹. First exported products are expected to be GMP certified dried flower. Rua is focused only on GMP grade jurisdictions (see Section 2.4 (*Industry Overview*)), and is developing its distribution strategy for New Zealand and Australia.



4 Product Development

Rua ultimately aims to develop proprietary medicine formulations for targeted ailments, with product sales supported by the development of appropriate brands. Feedback from the medical community suggests that doctors are seeking further evidence of product safety to support the prescription of medicinal cannabis¹⁰. Rua is therefore intending to undertake clinical studies to further build regulator, prescriber and patient confidence in the safety and efficacy of both the active ingredients and finished medicines. Any clinical studies to be undertaken are likely to be in the medium to long-term.

5 Brand Development

Rua believes that the combination of Rua's connection to its local community, unique genetics, and the New Zealand provenance story provides an authentic and defensible branding opportunity. Rua's distribution partner has expressed early interest in marketing such a brand in the German market.



IRUA
BIOSCIENCE

⁸ Estimated maximum capacity based on Rua's research programme, market benchmarks, and information provided by suppliers and advisors. Actual production volume may vary as Rua establishes commercial operations.

⁹ Nimbus is Rua's sole distributor appointed to date. Execution of further distribution contracts in European markets will be contingent on proof that Rua is able to supply EU GMP product. For further information concerning what is required for Rua to be able to supply EU GMP product, see Section 2.4 (*Industry Overview*). Preliminary discussions are also progressing with Australian and New Zealand distributors.

¹⁰ See Karen Oldfield et al "Medical cannabis: knowledge and expectations in a cohort of North Island New Zealand general practitioners" NZMJ 17 January 2020, Vol 133 No 1508 (available at: <https://www.nzma.org.nz/journal>).

Licence and Certification Overview

The New Zealand medicinal cannabis industry is governed by the Medicinal Cannabis Scheme (**Scheme**), which became operational on 1 April 2020. Under the Scheme, an applicant can apply for a licence (**Medicinal Cannabis Licence**) to carry out a variety of permitted commercial activities (cultivation, research, possession for manufacture, supply and nursery). All products, whether made locally or imported, require GMP certification. Rua received its Medicinal Cannabis Licence in August 2020 and expects to be audited for GMP in Q4 2020. Rua expects to be certified for GMP by no later than Q1 2021. After receiving GMP certification, the Company can commence its first commercial production run.

Importing and exporting medicinal cannabis products (including starting material, active pharmaceutical ingredients or finished products) will require the Medicinal Cannabis Licence to cover that activity, in addition to requiring a permit to import / export controlled drugs. These permits are provided individually for each consignment.

The Scheme provides a path for illicit plants and seeds to be brought into the legal medicinal cannabis sector based simply on a declaration from the licence holder. This allows Rua to benefit from the considerable intergenerational growing knowledge and cultivars already developed by its grower base.

The licences, certifications and permits required by Rua in order to deliver on its short-term business strategy are outlined below.

Type	Status	Duration/ Renewal	Description
Licence to Cultivate a Prohibited Plant	Obtained	Annual review for renewal	Allows cultivation of cannabis plants for breeding and research purposes. Rua's licence also permits it to grow plants outdoors.
Medicinal Cannabis Licence	Obtained	Annual review for renewal	Rua's Medicinal Cannabis Licence permits cultivation, possession for manufacturing and possession for supply activities covering commercial and research purposes, including export. There is no limit on the number of plants grown under this Licence.
Licence to Manufacture Medicine (GMP Certification)	Documents submitted prior to audit	Annual review for renewal	Allows for the manufacture of finished medicines for human consumption. GMP is the production standard required for pharmaceutical grade products in most jurisdictions where medicinal cannabis is legal including the EU, UK, Australia and New Zealand. This certification is provided by Medsafe. New Zealand has a Mutual Recognition Agreement with the European Union on GMP standards ¹¹ , which is expected to allow the New Zealand certification to be recognised as equivalent to EU GMP by European regulators.
Controlled Drugs Export Permit	NA	Consignment specific	Each consignment for export requires a separate licence from Medsafe, which will be sought at the time of consignment.
EU Narcotics Import Licence	Obtained for Germany	Annual review for renewal	Rua's German distribution partner, Nimbus, currently holds this licence ¹² .
EU Pharmaceutical Wholesale Licence	Obtained for Germany	Annual review for renewal	As above, licensing requirements are met by Nimbus ¹³ . This licence requires Nimbus to be certified for Good Distribution Practices (GDP) which is the distribution equivalent to GMP for pharmaceutical products.
EU Medicines Manufacturing Licence	Obtained for Germany	Annual review for renewal	Nimbus has contracted a third party that holds this license ¹⁴ .
EU Narcotics Import Permit	NA	Consignment specific	Each consignment for import requires a separate licence, which will be sought at the time of consignment. For Germany, this licence would be issued by Bundesinstitut für Arzneimittel und Medizinprodukte (Germany's Federal Institute for Drugs and Medical Devices) and would be procured by Nimbus.

¹¹ New Zealand's existing Mutual Recognition Agreement with the European Union covers finished medicines and Medsafe officials are currently working to extend the agreement to include active pharmaceutical ingredients (which includes dried flower). For a fuller discussion on the EU Mutual Recognition Agreement, see Section 2.4 (Industry Overview).

¹² Nimbus holds a German licence to trade narcotics under §3 Betäubungsmittelgesetz (Narcotics Law of Germany).

¹³ Nimbus holds a German wholesale pharmaceutical licence under §52a Arzneimittelgesetz (Medicinal Products Act of Germany).

¹⁴ Nimbus' contractor holds a German licence to manufacture under §13 Arzneimittelgesetz.



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2.3

Key Business Strengths

This section identifies aspects of Rua's business that it believes are its key business strengths. However, you should read this section together with the sections of this PDS describing the circumstances Rua is aware of that exist or are likely to arise that significantly increase the risk to Rua's financial position, financial performance or stated plans (together with the particulars of those circumstances), and the overview of the medicinal cannabis industry in which Rua operates. For more information, please see Section 8 (*Risks to Rua's business and plans*) and Section 2.4 (*Industry Overview*).

1 A Focused Pharmaceutical Company

Rua is aiming to build a sustainable, high quality, global pharmaceutical business through the development of protectable plant genetics, product formulations and consumer brands for cannabinoid derived medicines. It plans to achieve this by prioritising the achievement of meaningful and sustainable revenue as quickly as possible.

Clear Path to Revenue

At an early stage in its development, Rua identified Germany as its first core market due to its current size, expected growth and favourable market dynamics (see Section 2.4 (*Industry Overview*)). Over the last 2 years, Rua has specifically invested in developing this opportunity, including:

- Obtaining and conducting market research with prescribers, pharmacists and wholesalers
- Establishing a management team with experience in German and international pharmaceutical markets
- Developing relationships with prospective wholesale customers
- Building its cultivation and manufacturing facilities to be fit for supplying the German target market

Disciplined Intellectual Property Strategy

Rua is investing in a range of initiatives which have the potential to create sustainable long-term value through primarily collaborative approaches. This enables the Company to achieve key outcomes without overinvestment of capital. Rua is focused on the following areas:

- Plant discovery and breeding, including optimisation of selected varieties for both indoor and outdoor cultivation, development of Rua's analytical testing methodologies, and improving upon genetic profiles and harvest processes
- Formulation of finished medicines backed by clinical evidence
- Consumer brand development, leveraging its unique story and commitment to social equity to appeal to the growing segment of conscious consumers

2 Well-Advanced in its Plans

German Sales Agreement

Rua has executed a binding sales agreement with Nimbus, a fully licensed German importer and distributor focused on medicinal cannabis products. While only incorporated in 2019, Nimbus has rapidly grown and established existing distribution relationships with, amongst others, Bedrocan in the Netherlands and Althea in Australia. Rua's decision to work with Nimbus was based on a number of factors including Rua's own market research¹⁵.

A number of other companies expressed interest in distributing Rua products. If the relationship with Nimbus is frustrated for any reason, Rua believes that it will not have difficulty establishing alternative distribution channels in the German market with other distributors which have all of the necessary licenses to operate in the German market.

" Rua Bioscience strengthens our network and lets us develop unique products for our patients in Germany "

nimbus
HEALTH

- Linus Weber, CEO Nimbus Health¹⁶

The sales agreement provides for sales of pharmaceutical GMP certified medicinal cannabis products to Germany, conditional on the parties achieving and maintaining regulatory approvals. Nimbus has exclusivity for Rua's imports into Germany. Nimbus has agreed to not take product from any other New Zealand medicinal cannabis producer except with the prior written permission of Rua. Rua also has the first right to supply a product where a customer does not request a specific brand. Further information in relation to this sales agreement can be found on the Offer Register in the document titled "Other Material Information".

Commercial-Scale Facilities Completed

Rua has completed construction of a controlled cultivation facility and an extraction and manufacturing facility that is suitable to produce product for the German market. Both facilities are licensed to operate under Rua's Medicinal Cannabis Licence and have cost-efficient expansion options. See Section 2.6 (*Operations*) for more information on the facilities.

Rua has also executed a letter of intent which aims to secure plant genetics for flowers that Rua believes will exceed the requirements of the German market. These plant varieties have been bred over a 20 year period for specific therapeutic purposes and, should a definitive agreement be executed, Rua could obtain an exclusive licence to use these genetics in New Zealand.

Capital-Efficient Product Supply Established

Medbloom Limited (**Medbloom**), an entity associated with one of New Zealand's largest flower growers, has signed a commercial agreement to be Rua's first cultivation partner.

Rua is also working with one of New Zealand's largest producers of agricultural seeds and hemp to collaborate on outdoor medicinal cannabis trials over the 2020-21 growing season.

These partnerships allow Rua to expand its supply of cannabis biomass while limiting the capital outlay required. See Section 2.7 (*Cultivation Partners*) for more information.

R Meaningful Intellectual Property Progress

Rua is building a global plant science network with its cultivation and medical advisors, Jeremy Plumb and Dr Ethan Russo (see Section 2.6 (*Operations*)).

Rua has significant ongoing collaborative research projects with a range of Crown Research Institutes, universities and other research organisations, with more opportunities with other parties under discussion (see Section 2.8 (*Research and Commercial Partners*)).



¹⁵ Rua went through a 12 month process of visiting importing wholesalers and distributors in Germany. Rua representatives met with a number of companies and potential partners over this period and chose Nimbus based on the following factors:

- (a) Independent verification of Nimbus by a reputable international law firm with an office in Germany, confirming that Nimbus has all necessary licences to operate in this market.
- (b) Feedback to Rua representatives from other local companies, who spoke highly of Nimbus in terms of their reputation for professionalism and ability to deliver.
- (c) Rua's understanding that Nimbus has a strong relationship with their local regulators.
- (d) Rua's understanding that Nimbus has existing GMP medicinal cannabis importing activities and distribution channels to pharmacies in Germany.

¹⁶ Nimbus has consented to this statement being included in this PDS in the form and in the context in which it is included.



3 A Highly Capable Team

Management and Staff

The senior management team is led by CEO Rob Mitchell, who has over 30 years of experience in leadership roles for major pharmaceutical companies including Roche and The Medicines Company. Other senior management have backgrounds with Corson Grains, PwC and the World Bank (see Section 2.10 (*Directors and Senior Managers*)).

Rua's Chief Research Officer, Dr Jessika Nowak, is a licensed German pharmacist with EU pharmaceutical manufacturing experience. The quality control process is overseen by a GMP expert with over two decades of experience in pharmaceutical quality control, most recently with Reckitt Benckiser. See Section 2.6 (*Operations*) for brief profiles on other key staff at Rua.



Rob Mitchell - CEO

Board

Rua's board is chaired by Trevor Burt, an experienced professional director having served on the boards of Ngai Tahu Holdings (Chair), Lyttelton Port (Chair), PGG Wrightson and Silver Fern Farms. Other directors include the former GM of GlaxoSmithKline NZ, former Country Manager of L'Oréal NZ and the CEO of investment company Tailorspace. See Section 2.10 (*Directors and Senior Managers*) for more information.

Industry and Regulatory Leader

Rua's co-founder and Head of Innovation and Regulation, Manu Caddie, has been recognised as one of New Zealand's most trusted voices on medicinal cannabis. Mr Caddie is the:



Only cannabis company representative appointed to the Medicinal Cannabis Advisory Group, a panel of experts established to advise the Ministry of Health on the development of the Medicinal Cannabis Scheme.



Founding and current president of the New Zealand Medical Cannabis Council (NZMCC), the primary industry association. NZMCC meets with the Ministry of Health monthly and encourages collaboration between industry members.



New Zealand representative on the Cannabis Standards Committee of the American Society for Testing Materials International (ASTM), a global industry standards organisation. The committee works on diverse areas such as security systems, cultivation practices and analytical testing standards to build global consensus on best practices.

Rua has been the regulatory leader in the New Zealand sector, being the first company in the country to receive licences to cultivate cannabis for research purposes. The Company was also selected as a finalist in the Regional Game Changer category of the Inaugural MJBiz Cannabis Industry Awards presented last December in Las Vegas. The nomination was based largely on the selection criteria of having significant influence on cannabis-related public policy in the Asia-Pacific region. The event was part of MJBizCon, an annual conference for over 30,000 industry representatives from around the world.



4 Strong, Distinctive Purpose

Connection to a Community

Rua was founded with a fundamental commitment to supporting economic development in Ruatorea, the greater Waiapu Valley and the wider Tairāwhiti (East Coast) region. The Company has worked closely with and received initial investments from Māori communities in Te Tairāwhiti region, providing legitimate employment opportunities to individuals with intimate knowledge and experience in cannabis cultivation. Rua has committed over \$6m of capital investment in the region to date and provides highly skilled employment opportunities.

Rua's board has approved an annual investment in community development and capability building that is designed to fund a number of scholarships and internships for local residents, as well as provide training opportunities and career planning support in collaboration with local schools and tertiary education providers. Rua is also investing in environmental monitoring and cultural impact assessments connected to local resource management issues involving local hapū and landowners.

Rua is also directly supported by its community. The community support benefits the Company through access to land in a region with a climate suitable for cannabis cultivation, a skilled and motivated labour force and the opportunity to develop trusted relationships with local cannabis breeders. The Company's unique social mission has also attracted the support of major community institutions like Trust Tairāwhiti. Trust Tairāwhiti supported Rua with the development of its GMP extraction and manufacturing facility in Gisborne, and it is committed to supporting the Company's plans for future capacity expansion.

Authentic Relationships

Rua aims to create both sustainable employment opportunities and pathways for locals to upskill their capabilities. The Company supports mana whenua in its cultural practices of kaitiakitanga (responsible stewardship) of natural resources and also aims to maintain high environmental standards. Rua has a long-term strategy for intergenerational involvement within the communities it operates and these commitments are evident in the Company's strategic decisions and future plans.

Rua has entrenched these social and community commitments by being the first New Zealand company to join the Global Cannabis Partnership (GCP). The GCP is a widely supported international initiative founded by some of the largest cannabis companies and is focused on establishing corporate social responsibility standards for the cannabis sector. In particular, membership of the GCP requires Rua to develop and proactively promote 12 action areas of the Responsible Cannabis Framework, which include environmental, social and governance impact indicators and goals¹⁷. Annual reporting on these activities will promote accountability to local communities connected to Rua's activities and other stakeholders.

With this platform, the Company is in a position to develop and market brands based on authentic commitments to cultural, social and environmental wellbeing, as demanded by a growing number of conscious consumers in many markets, particularly in Europe.

¹⁷ For more information, see Global Cannabis Partnership, *Responsible Cannabis Framework*. Retrieved 18 September 2020, from https://www.globalcannabispартnership.com/en_CA/csr-framework/.

2.4

Industry Overview

About medicinal cannabis

The endocannabinoid system assists with the regulation of various physiological and cognitive processes in the human body. This system has two primary receptors – CB1 and CB2 – which, amongst other modulators, interact with the brain and immune system. Cannabinoids are chemical compounds that act on these receptors to affect our physiology and neurology.

The genus *Cannabis* consists of over 140 cannabinoids. Different cultivars are usually defined by their cannabinoid and terpene composition, with genomics increasingly being used to classify and distinguish specific varieties. The two

most widely researched cannabinoids are cannabidiol (CBD) and tetrahydrocannabinol (THC), but other cannabinoids and compounds from the plant – in isolation and combined – are also being researched to determine their therapeutic potential.

Medicinal cannabis in New Zealand, Australia and the EU requires similar quality standards in manufacturing and consistency as other pharmaceuticals. Cannabis products can take the form of simple dried flower, but also include oral droplets and sprays, softgel capsules and topical creams. Medicinal cannabis products have been approved by governments around the world for a wide variety of conditions, ranging from multiple sclerosis to pain relief, as outlined in the table below. Despite this acknowledgement of the therapeutic value of medicinal cannabis, currently only a small number of products have clinical trial evidence demonstrating efficacy for specific indications.

Examples of Approved Symptoms / Conditions for Medicinal Cannabis by Country, 2020

	New Zealand ¹⁸	Australia ¹⁹	Germany ²⁰	United Kingdom ²¹	Canada ²²	United States ²³
ANXIETY	✓	✓			✓	✓
CACHEXIA (WASTING SYNDROME)	✓	✓	✓		✓	✓
CHEMOTHERAPY-INDUCED NAUSEA	✓	✓		✓	✓	✓
DEPRESSION	✓	✓	✓		✓	
EPILEPSY	✓	✓	✓	✓	✓	✓
INSOMNIA (SLEEP DISORDERS)	✓	✓			✓	
MULTIPLE SCLEROSIS SPASTICITY	✓	✓	✓	✓	✓	✓
PAIN (CHRONIC / ACUTE)	✓	✓	✓		✓	✓
TOURETTE'S SYNDROME	✓	✓	✓		✓	✓

Forecast Medicinal Cannabis Retail Market Sizes 2024 (US\$)

Source: Prohibition Partners - Global Cannabis Report Nov 2019



¹⁸ The Medicinal Cannabis Scheme allows NZ doctors to prescribe medicinal cannabis products for any condition.
¹⁹ Reflects data from the Australian Therapeutic Goods Administration. For more information see Therapeutic Goods Administration, *Special access scheme category B approvals and authorised prescriber approvals*. Retrieved 18 September 2020, from <https://www.tga.gov.au/sites/default/files/foi-925-1819-01.pdf>.
²⁰ Reflects conditions considered by the University of Bremen. For more information see Professor Dr. Gerd Glaeske and Dr. Kristin Sauer, *Cannabis Report*. Retrieved 18 September 2020, from https://www.socium.uni-bremen.de/uploads/News/2018/180523_Cannabis-Report.pdf.
²¹ Reflects conditions for which the NHS considers medical cannabis can likely be prescribed. For more information see United Kingdom National Health Service, *Medical cannabis (and cannabis oils)*. Retrieved 18 September 2020, from <https://www.nhs.uk/conditions/medical-cannabis/>.
²² Reflects conditions for which Health Canada considers clinical evidence is available. For more information see Cannabis Legalization and Regulation Branch at Health Canada, *Information for Health Care Professionals: Cannabis (marijuana, marijuana) and the cannabinoids*. Retrieved 18 September 2020, from <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/information-medical-practitioners/information-health-care-professionals-cannabis-cannabinoids.html>.
²³ Reflects conditions approved by one or more US states. For more information see Leafly *Qualifying conditions for medical marijuana by state*. Retrieved 18 September 2020, from <https://www.leafly.com/news/health/qualifying-conditions-for-medical-marijuana-by-state>.

Global market

Consumption of medicinal cannabis is currently legal in over 40 countries and 33 states in the USA, with the global sector estimated by some industry analysts to be worth over US\$62.6bn by 2024²⁴. Sector growth is expected to be driven by:

- **Continued Legalisation** – Medicinal cannabis is now legal in over 40 countries across all major regions²⁵. The growth in the number of jurisdictions which have legalised medicinal cannabis is expected to continue, with at least 12 more countries currently exploring the legalisation process.
- **Patient Access** – Countries are making it increasingly easier for patients to access cannabis-derived medicines. For example, more countries are now allowing general practitioners to prescribe medicinal cannabis (without the need to see a specialist)²⁶. This trend, along with accelerating public knowledge and de-stigmatisation of cannabis for therapeutic purposes, supports the ongoing increase in prescriptions across nearly every legal jurisdiction.
- **Increasing Research and Use-Cases** – The medicinal properties and applications of cannabis have yet to be fully explored and understood, but investment in clinical and pre-clinical studies has been increasing rapidly in the last five years, along with the publication of key results²⁷. Rua believes that as this knowledge develops and there is more evidence of efficacy, doctors' willingness to prescribe cannabis products will also tend to increase²⁸.

A key differentiation between markets for medicinal cannabis relates to the required standard of product manufacturing. At a simplified level, some countries only allow the sale of products that have been made to a GMP standard (high-standard jurisdictions), while other countries allow a production standard that is lower than GMP (lower-standard jurisdictions).

Canada and the USA are the two largest countries for medicinal cannabis in terms of both consumption and production. Both markets are lower-standard jurisdictions and the majority of cannabis producers in these countries are not generally able to supply high-standard jurisdictions²⁹.

There is also significant cross-over between medicinal and recreational cannabis products in Canada and a number of US states, where these products can often be accessed without a prescription. Partly because of these market characteristics, there is currently an oversupply of cannabis in Canada³⁰.

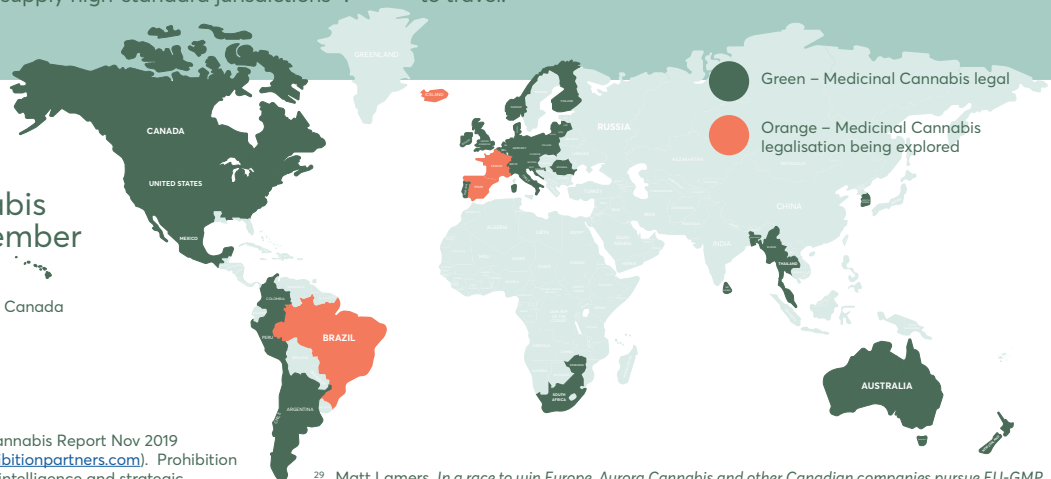
There is currently a limited number of GMP grade producers around the world to service high-standard jurisdictions, and the gap between demand and supply is widening in these markets. For example, because of the limited number of producers that meet the required quality standard in Germany (and other similar European jurisdictions), demand for EU GMP compliant product is greater than supply.

Given that New Zealand's regulatory regime requires GMP production, Rua's export interest is only focused on these high-standard jurisdictions³¹. Rua believes that each of these markets offers favourable economics and higher barriers to entry. GMP standards are determined and certified by regulatory authorities in each country. The European Union standard (known as EU GMP) is generally recognised to be a more restrictive standard, and in order to export into its member countries, European Union auditors are often required to certify facilities themselves. However, New Zealand has a Mutual Recognition Agreement (**EU MRA**) on GMP standards for finished medicines with the European Union, and Medsafe officials are currently working to extend that agreement to include active pharmaceutical ingredients (**APIs**) (which includes dried flower). The extension of the EU MRA is expected to allow New Zealand GMP certified APIs to be recognised in countries like Germany without further audit from EU authorities. Rua is confident that the extension of the EU MRA discussed above will ultimately be granted.

If the EU MRA is not extended or its extension otherwise does not permit Rua to export New Zealand GMP certified APIs near the time Rua has its product ready for export, Rua will invite EU auditors to visit and audit Rua products and processes to achieve EU GMP certification independent from the EU MRA. This could significantly delay market entry plans for Germany and, if this occurs, Rua intends to immediately explore other markets for its products. Rua understands remote audits for EU GMP may be possible under Covid-19 if EU auditors are unable to travel.

Jurisdictions by Medicinal Cannabis Legality (at November 2019)

Source: Prohibition Partners, PwC Canada



²⁴ Prohibition Partners, Global Cannabis Report Nov 2019 (available at <https://www.prohibitionpartners.com>). Prohibition Partners is a cannabis market intelligence and strategic consultancy firm based in the United Kingdom. Its reports cover legislative developments and key trends in the industry across Europe, Latin America, Oceania, Africa, Asia and North America.

²⁵ Prohibition Partners, Global Cannabis Report Nov 2019.

²⁶ Prohibition Partners, Global Cannabis Report Nov 2019.

²⁷ Prohibition Partners, Global Cannabis Report Nov 2019.

²⁸ See also Karen Oldfield et al "Medical cannabis: knowledge and expectations in a cohort of North Island New Zealand general practitioners" NZMJ 17 January 2020, Vol 133 No 1508 (available at: <https://www.nzma.org.nz/journal>).

²⁹ Matt Lamers, *In a race to win Europe, Aurora Cannabis and other Canadian companies pursue EU-GMP*. Retrieved 18 September 2020, from <https://mjbizdaily.com/race-to-win-europe-aurora-cannabis-other-canadian-companies-pursue-eu-gmp/>.

³⁰ See Financial Times, *Canada racks up 400-tonne cannabis mountain after production binge*. Retrieved 18 September 2020, from <https://www.ft.com/content/546b9226-0c7b-11ea-bb52-34c8d9dc6d84>. See also Matt Lamers, *Canadian cannabis inventory soars to new high, indicating more pain ahead for producers*. Retrieved 18 September 2020, from <https://mjbizdaily.com/canadian-cannabis-inventory-soars-to-new-high-indicating-more-pain-ahead-for-producers/>.

³¹ Ministry of Health, *Medicinal Cannabis Agency - Minimum quality standard*. Retrieved 18 September 2020, from <https://www.health.govt.nz/our-work/regulation-health-and-disability-system/medicinal-cannabis-agency/medicinal-cannabis-agency-information-industry/medicinal-cannabis-agency-working-medicinal-cannabis/medicinal-cannabis-agency-minimum-quality-standard>.

Rua's key target markets

Germany is the largest single market for GMP medicinal cannabis in the world, having grown at a rapid pace since legalisation in March 2017³². It is estimated that the market grew by 58% in Q1 2020 (compared to Q1 2019)³³. It has been estimated that in 2019 at least 6,400kg of GMP cannabis products worth over €100m were sold in Germany across over 185,000 prescriptions^{34,35}. This market has some of the most favourable wholesale prices due to prescriptions being fully or partially covered by health insurance; historically over 60% of requests for insurance reimbursements have been approved³⁶. The supply chain is highly regulated. Only a small number of wholesale importers and distributors (who must hold GDP licences) currently supply pharmacists, who in turn develop formulations for patients.

At present, the majority of product sold in Germany is imported from the Netherlands and Canada because Germany's local industry is still being established³⁷. While Canada does not require GMP certification for production, Rua understands that there are a small number of Canadian medicinal cannabis manufacturers that supply GMP product to Germany.

The most common form of medicinal cannabis prescribed in Germany is dried flower, which provides an advantage for Rua as New Zealand is expected to be one of a small number of countries exporting product in this form (as opposed to oil extracts).

The first domestic licences for German producers were only recently issued in 2019, after a government tender process, and first production is expected in Q4 2020. Under this process, three companies were awarded licences with an expected production of 2,600kg per year. All of this product must be sold to the government at regulated prices which are currently materially below market.

Given that the German market is relatively new and still developing, the competitive landscape continues to evolve. Rua expects that further companies will explore the potential to enter the German market, and that Rua could have an increasing number of competitors over time.

In Rua's view, the German medicinal cannabis market can be broadly grouped into three segments as follows:

Segment	Description	Value
Tender	Government mandated price for German-based producers. Product quality is as yet unknown.	Low price, mid volume
Reimbursed	Imported product and bulk of the current market. These products are often slightly altered or rebranded at point of sale. Higher volume branded generic and smaller volume premium high THC products.	Mid-higher price, high volume
Non-Reimbursed	Currently makes up approximately 33% of the total market but is declining.	Mid-higher price, low volume

Rua expects to sell both a premium product and branded generic product into the reimbursed segment of the market, with its internal production focused on the former and its cultivation partners focused on the latter.

Rua has secured funding of \$100,000 for market validation in Germany from New Zealand Trade and Enterprise (NZTE) through its International Growth Fund. This funding is paid as a reimbursement of costs associated with ongoing market validation in Germany. Rua is also eligible for, and expects to receive, further grant funding to meet a range of market establishment expenses in the German market over the next three years. Rua is working closely with NZTE staff and

advisors in Germany to support Rua's exports to the region. The Company has also started discussions on clinical study options with researchers at the Hannover School of Medicine and another research project with researchers at Dortmund University. Rua does not expect clinical trials in Germany to commence before 2023.

Australia legalised medicinal cannabis in 2016. Although there are a significant number of licensed cannabis companies in Australia which are building production capacity, delays in the licencing processes have meant that Australian companies growing cannabis have only recently started commercial

³² Prohibition Partners, The Germany Cannabis Report October 2019.

³³ GKV Spitzenverband (National Association of Statutory Health Insurance Funds, Germany) *Insurance Covered Cannabis Products in Germany: April 2019-March 2020*. Retrieved 18 September 2020, from <https://mjbizdaily.com/insurance-covered-reimbursements-for-medical-cannabis-sets-record-in-germany/>.

³⁴ Marijuana Business Daily estimated that statutory health insurers in Germany reimbursed more than 100 million euros of medicinal cannabis. For more information, see Alfredo Pascual *German insurer paints picture of nation's growing medical cannabis industry*. Retrieved 18 September 2020, from <https://mjbizdaily.com/german-insurer-paints-picture-of-nations-growing-medical-cannabis-industry/>.

³⁵ See also GKV Spitzenverband (National Association of Statutory Health Insurance Funds, Germany) *Insurance Covered Cannabis Products in Germany: September 2018-September 2019*. Retrieved 18 September 2020, from <https://mjbizdaily.com/germanys-medical-cannabis-market-loses-momentum-but-on-pace-to-surpass-100-million-euros/>.

³⁶ Prohibition Partners, The Germany Cannabis Report October 2019.

³⁷ MJBiz Daily International *Medical Cannabis In Europe: The Markets & Opportunities* (2nd ed) 2020. Retrieved 18 September 2020, from <https://mjbizdaily.com/medical-cannabis-in-europe-the-markets-and-opportunities-2nd-edition/>.

production and some are yet to be fully licensed. Australia also operates under a GMP production standard and has a Mutual Recognition Agreement for medicines with New Zealand. On the patient side, the Australian market has been growing rapidly in line with improved product access, with the number of approved applications under the Special Access Scheme increasing according to the Therapeutic Goods Administration. For example³⁸:

- 47,200 applications were approved in the 12 months ending August 2020, out of 61,000 total approvals since 1992 (representing 77.4% of total approvals to date); and
- 5,270 applications were approved in August 2020, which is an 82% increase compared to August 2019 when 2,889 applications were approved.

Patients require prescriptions either from a prescriber who has been granted a special authorisation from the Therapeutic Goods Administration to prescribe medicinal cannabis products (~150 such prescribers are currently approved), or they need to go through state and federal approvals for each prescription. A number of states are now expediting this process by applying automatic approvals.

New Zealand's new regulatory scheme for medicinal cannabis took effect from 1 April 2020. The Scheme liberalised patient access for cannabis medicines to allow general practitioners and other registered prescribers to prescribe products for any ailments. Previously, medicinal cannabis with more than 2% THC of total cannabinoids was only available via specialists that had secured Ministry of Health approval and the prescription could only be made if other treatment options had been exhausted. However, there is no mechanism

in the Scheme to provide a subsidy for cannabis medicines, which, taken in context of New Zealand's drug framework, Rua believes will limit the ability for widespread access amongst patients due to affordability issues. Because all new medicinal cannabis products will initially be unapproved medicines, there are restrictions on pharmaceutical companies making unsolicited approaches to pharmacies and prescribers, and there is virtually no ability to market products directly to patients. Medsafe has indicated that products with Phase 1 and 2 clinical trial data could seek provisional consent³⁹, which would permit some marketing to healthcare professionals.

Rua has identified Australia and New Zealand as potential markets for the supply of its cannabinoid derived medicines. However, Rua has only considered supply into these markets at a high level. Rua has not determined the best distribution channel for either market and is unlikely to do so for some time. Given that the medicinal cannabis industries in Australia and New Zealand are relatively new and still developing, the competitive landscape in these markets is uncertain and continues to evolve. Rua expects that further companies will explore the potential to enter the Australian and New Zealand markets and that Rua could therefore have an increasing number of competitors over time in these markets.

Other Markets

Rua is in the early stages of exploring opportunities in other European countries and select Asian markets. The Company expects that further opportunities will arise in line with the evolving regulatory landscape in new markets, as many countries work towards a more relaxed stance on cannabis use in general.

Target Market Summary

Key Market	Description	Suitability for Entry	Path to Market
Germany	Primary export focus	<p>Favourable supply and demand and price dynamics.</p> <p>Ability to export GMP grade dried flower products to cater to the current patient preference for this product specification.</p> <p>Existing relationships with licensed importers who have difficulty obtaining consistent supply and see value in a New Zealand made product supported by a social impact story.</p>	<p>Sales agreement executed with licensed wholesaler/importer.</p> <p>Target sales supported by joint marketing and promotion activities with local wholesale partners.</p>
Australia	Secondary export focus	<p>Expanding patient demand.</p> <p>Geographic proximity and regulatory alignment enable ease of export.</p>	<p>Exploring distribution options with a number of Australian companies, including cannabis-specific medical clinics, who have expressed early interest in sourcing supply from Rua.</p> <p>Opportunity to develop an early New Zealand brand amongst the Australian market.</p>
New Zealand	Finished products focus	<p>Rua is aiming to have significant brand equity in its local market to support product sales. Sector leadership provides credibility with prescribers, regulators and other industry participants.</p>	<p>Interest received from pharmaceutical distributors to market Rua products.</p>

³⁸ The above figures represent the number of SAS Category B approvals only. For further information, see Australian Therapeutic Goods Administration, *Access to medicinal cannabis products*. Retrieved 18 September 2020, from <https://www.tga.gov.au/access-medicinal-cannabis-products-1>.

³⁹ Provisional consent as granted under section 23 of the Medicines Act 1981.

2.5

Our History and Story

Rua was initially incorporated as Hikurangi Hemp Company Limited in October 2017. The Company was re-named as Hikurangi Cannabis Company Limited in January 2018 and then its name was changed again to Rua Bioscience Limited (in October 2019). Rua was a non-trading entity until August 2018, at which point it raised its first external capital and formally acquired the cannabis-related business and assets of its (then) ultimate controlling entity, Hikurangi Bioactives Limited Partnership (HBLP). Consideration paid for the acquisition was in the form of shares in Rua. Further information in relation to the acquisition of the business assets from HBLP is available on the Offer Register in the document titled "Other Material Information".

HBLP was formed as a partnership between Hikurangi Enterprises Limited (60% stake in HBLP), a Ruatorea-based charitable company, and New Zealand Nutraceuticals Limited (40% stake), a private investment vehicle

co-founded by Manu Caddie. HBLP was established to commercialise bioactive extracts from indigenous organisms and support local economic development in Te Tairāwhiti region. Commencing in 2016, HBLP was primarily involved in cultivating, harvesting and conducting research with industrial hemp, a variety of the cannabis plant with low CBD and negligible THC. Based on developments in the sector, medicinal cannabis proved to be the most promising immediate opportunity for HBLP. As a result, Rua Bioscience was established as a standalone commercial venture.

The Company's name was changed from Hikurangi Cannabis Company Limited to Rua Bioscience Limited in order to recognise the maturity and development of the business beyond the initial incubation role played by Hikurangi Enterprises Limited. The Rua name is derived from Ruatorea, the founding location of the Company. Ruatorea is a small town of approximately 1,000 predominantly Māori residents which has faced significant economic challenges as a result of urban drift over successive generations.

2017

Hikurangi

2018

H

First cannabis cultivation course run by co-founder Panapa Ehau at the Eastern Institute of Technology.

OCT 16

OCT 17

Hikurangi Hemp Company Limited (HHCL) incorporated.

HHCL renamed to Hikurangi Cannabis Company Limited (HCCL).

HCCL acquires all cannabis related assets from HBLP. First private company in New Zealand to receive licence to cultivate medical cannabis for research purposes. \$2.0m of capital raised from Waiapu Investments Limited via a crowdfunding process. Research and Breeding programme established in Ruatorea.

\$7.0m of capital raised from wholesale investors.

JAN 18

MAR 18

Harvest and processing of 5,000 industrial hemp plants in preparation for transition to medicinal cannabis (activity carried out by HBLP).

AUG 18

SEP 18

New Zealand Medical Cannabis Council, the industry trade body, established with Rua as a founding member. Manu Caddie was elected as President.

NOV 18

DEC 18

Misuse of Drugs (Medicinal Cannabis) Amendment Bill passes through parliament, directing the government to establish a commercial medical cannabis regime.

IRUUA

“Rua”, the Maori word for two, is the local shorthand for Ruatorea and also represents duality, reflecting Rua’s commitment to both its social mission and the necessity to be a sustainable, profitable business. Rua believes that a successful Offer would provide Rua with the certainty of funds required to continue its development and maximise the number and quality of jobs it can sustainability create for Ruatorea, Te Tairāwhiti region and beyond.

The local East Coast community has a substantial shareholding in Rua, having provided the bulk of Rua’s initial round of funding of \$2m in August 2018 via a crowdfunding offer through Waiapu Investments Limited. Additionally, the shareholding in Rua owned by Hikurangi Enterprises Limited is effectively held on behalf of the local community given that Hikurangi Enterprises Limited is owned by a charitable trust that acts for the benefit of the Ruatorea area.

Including the community contribution, Rua has raised a total of \$16m to date. Key milestones in the Company’s development are outlined in the timeline below.



2.6

Operations

Rua is a fully vertically integrated business, with operations spanning from plant discovery through to the manufacture of finished products.

Plant Discovery and Breeding

Plant discovery and breeding activities revolve around breeding different varieties of cannabis plants in order to optimise the genetic attributes (morphological, chemical, yield, pest and disease resistance, for example) of Rua's plant varieties and developing cultivars with desirable and consistent characteristics. Selected plants that demonstrate desirable characteristics are subsequently developed as "mother plants" and cuttings from these plants are used to grow "clones" for commercial production.

Rua established its breeding programme in August 2018 after receiving a licence to cultivate cannabis for research purposes. This initial research programme will gradually be incorporated into the operations at Rua's new cultivation site in Ruatorea, for which a licence was secured in 2020. Rua made its first full research harvest in November 2019. This was based on one of several imported varieties offering different levels of both CBD and THC concentrations.

Rua aims to build a world-class germplasm genetics bank, incorporating the local New Zealand strains of cannabis that it intends to develop with its experienced grower base. To achieve this, Rua is collaborating with top local and international researchers. This collaboration includes establishing a science network with Medical Advisor Dr Ethan Russo, who was Chief Medical Advisor to GW Pharmaceuticals during the development and clinical trials for Sativex®⁴⁰, and Cultivation Advisor Jeremy Plumb, an authority on breeding and cultivating plants for stability.

A key aspect of Rua's breeding programme is that it is licensed to trial outdoor cultivation of medicinal cannabis. While the success of any trial is unknown, Rua believes that its prime location in the East Coast region could provide a number of environmental benefits which increase the likelihood of achieving sustainable outdoor production. The ability to grow plants outdoors could pave the way for significant cost savings and marketing advantages.

Cultivation

Medicinal cannabis plants are typically grown in either a fully controlled indoor environment or a partially controlled greenhouse. The composition and quality of the cannabis plants is highly affected by temperature and airflow, and requires a balance of light and darkness to flower optimally. Cannabis plants generally take 2-4 months to flower depending on the variety and growing environment. Plants must be harvested at the right time, with an early or late harvest potentially affecting quality and composition. After harvesting, the plants are dried and trimmed in order to produce dried cannabis flower which can be milled, extracted or left as whole flower.

Rua has built a fully controlled indoor cultivation facility in Ruatorea. This was certified for use in August 2020 and has an estimated initial capacity to produce up to 160kg⁴¹ of dried flower per annum. This facility allows Rua to maximise the production of medicinal cannabis at a standard suitable for key target markets by providing reasonable certainty around production quality and quantity. It also includes on-site post-harvest facilities for drying and milling. The Ruatorea site is subject to a 10-year lease with two further rights of renewal of ten years each, totalling up to 30 years. Rua also has the option to expand its operations over a further 66,000 sqm of adjacent land on the same site.

In July 2020, independent lab tests indicated that Rua's plants grown under its research programme are expected to comply with the Scheme and EU Pharmacopeia standards.

Rua's internal cultivation operation will be supplemented by its cultivation partners (see Section 2.7), where third parties grow proprietary varieties for supply to Rua. The Ruatorea site will serve as a "Centre of Excellence" for the cultivation partners, demonstrating best practice cultivation operations.

⁴⁰ Sativex is a cannabis-based oromucosal spray which is approved by Medsafe for treatment of multiple sclerosis. It is also approved by a number of other regulators around the world.

⁴¹ Estimated maximum capacity based on Rua's research programme, market benchmarks, and information provided by suppliers and advisors. Actual production volume may vary as Rua establishes commercial operations.



Jeremy Plumb

Breeding and Cultivation Advisor

MA Psychology, BA Ecology

Jeremy is the Director of Production Science at Groundworks Industries and at Prüf Cultivar, a leading high-tech cannabis producer based in Portland, USA. He is a leading global authority on cannabis breeding and cultivation with a specific focus on developing consistent, reliable crops in controlled and outdoor environments. He also served as a consultant to Israel medicinal cannabis researchers and as a cannabis policy advisor for a U.S. member of Congress. In addition, he successfully co-founded Farma, one of Oregon's top dispensaries. Jeremy is advising Rua on optimal growing set-up and techniques.



Extraction and Manufacturing

Dried cannabis flower is extracted into cannabis oils, which can be further refined into distillates and isolates. These active pharmaceutical ingredients can be sold as wholesale products or formulated into finished medicines.

Rua's purpose-built extraction and manufacturing facility in Gisborne was certified for use in June 2020, and will process and package flower sourced from Rua's own cultivation facilities and cultivation partners. The facility includes a GMP capable CO₂ Supercritical Fluid Extraction system. Rua has chosen CO₂ for its extraction methodology because Rua believes that this methodology provides clean, high quality cannabinoid extracts and fractionation options to target specific extract profiles. Extraction capacity can be increased in line with future demand with minimal capital outlay due to the machine's design. Rua engaged with Medsafe during the

facility design process so that the Company is well positioned to meet GMP requirements.

The Gisborne facility has purpose-built capability to formulate and develop finished cannabis medicines. From this facility, Rua intends to develop finished products for local and international markets. Further capacity increases can be achieved by expansion of the existing facility and the use of third party manufacturers.

The Gisborne site is leased from Trust Tairāwhiti⁴², a local economic development entity and one of Rua's key community partners. The lease is for a three year term covering a 2,300m² site area, with a pathway to a 10-year term (plus two rights of renewal of five years each) on an expanded 9,600m² site if the site proves suitable for Rua's future needs. The facility has a modular, scalable design which allows for a staged, economically efficient expansion of processing capacity as demand scales up.



⁴² Via its corporate vehicle Eastland Development Fund Limited.



Operational Team

In addition to the senior management outlined in Section 2.10, Rua has recruited highly experienced staff in all key areas of the business. These areas cover GMP manufacturing, pharmaceutical development, cannabis cultivation and business development.

Dr Jessika Nowak

Chief Research Officer

PhD Food Microbiology, Level 5 Advanced HACCP

- Responsible for development and formulation of medicinal products.
- Licensed pharmacist in Germany with experience in drug delivery development and European Union pharmaceuticals manufacturing.

Paul Woroniecki

Head of Quality

MSc Animal Health & Nutrition

- Responsible for processing standards and GMP certification.
- Over 20 years' experience in managing pharmaceutical quality standards in New Zealand, Australia and China, most recently with Reckitt Benckiser as a Senior Quality Manager responsible for two manufacturing sites in Australia.

Donna Richardson

Cultivation Manager

- Responsible for cultivation and breeding optimisation.
- Over 15 years' experience in the horticulture industry, focused on plant care and pest and disease management with strengths in leadership and process.

Len Walker

Production Manager

MBA, Dip. Dairy Tech

- Responsible for day-to-day operation of the GMP extraction and manufacturing facility.
- Over 30 years' experience in manufacturing, technical and R&D roles in the dairy sector including nutritional products, most recently with Westland Milk.

Emma McIldowie

Quality Control Manager

BSc, MSc

- Responsible for validation of test methods for raw materials, intermediate and finished products.
- Previously led research projects at ESR (a Crown Research Institute) to develop analytical methods for testing cannabinoids in cannabis plant material and cannabis-based products, and completed her thesis on the quantitative analysis of cannabinoids (THC and CBD) in cannabis.

Tony Robinson

Compliance and Business Development Manager

LLB, BA

- Responsible for operational compliance with relevant regulations along with broader intellectual property strategy.
- Background in civil and commercial law in New Zealand and abroad.

2.7

Cultivation Partners

Greenhouse Cultivation Partner – Medbloom

Rua has secured Medbloom Limited as its first major cultivation partner. Medbloom is an entity associated with Blooming Hill Flowers, one of New Zealand's largest flower growers. Medbloom has signed a commercial agreement to supply Rua with raw biomass and collaborate on cultivation innovations. Blooming Hill Flowers currently operates over 19,500 sqm of controlled greenhouses in the Auckland region, and intends to develop a purpose built 1,420 sqm cannabis cultivation facility with potential capacity of up to 870kg per annum. Medbloom brings a wealth of knowledge in consistent, large scale cultivation of flowering plants with a collaborative approach to developing further intellectual property.

The cultivation partnership provides Rua with the opportunity to expand its access to raw cannabis plant material with the potential to limit investment in what is generally the most capital-intensive part of the supply chain. It also provides some degree of geographical diversification for Rua in relation to environmental and other external factors which may affect production.

Outdoor Cultivation Partner

Rua is collaborating with one of New Zealand's largest producers of agricultural seeds and hemp on outdoor medicinal cannabis trials for specific plant varieties over the 2020-21 growing season. These trials form part of Rua's wider breeding and cultivation optimisation programmes. The trials will test the phytocannabinoid yield and resistance to pests and diseases for each variety across different planting seasons, nutrient regimes, crop protection options and geographic locations.

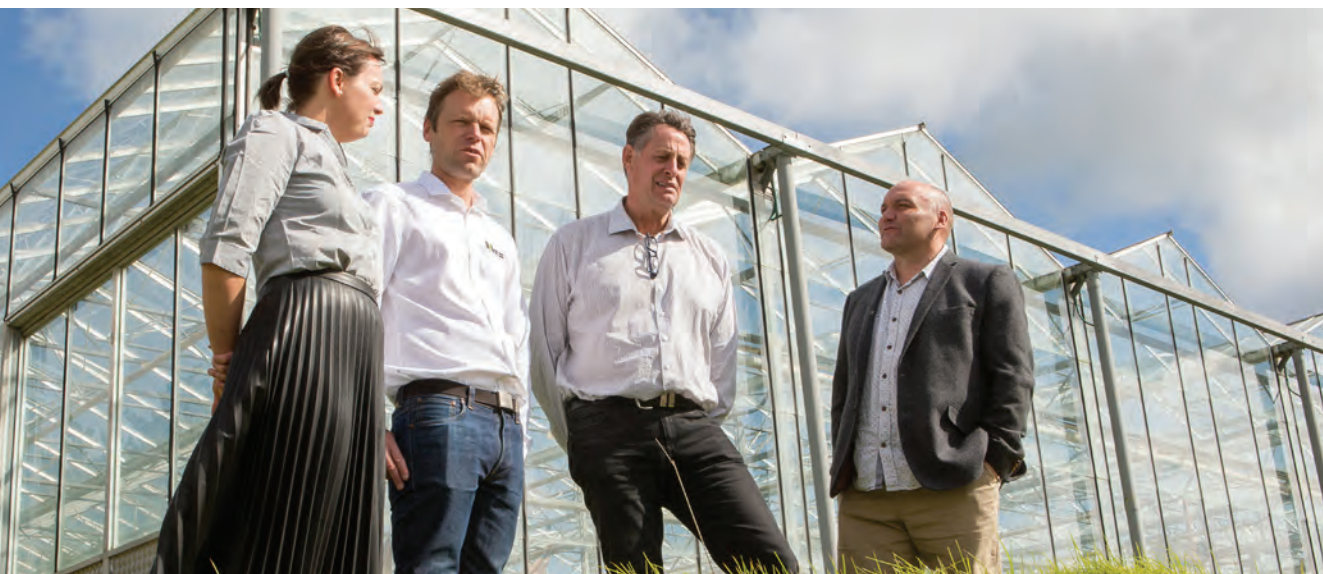
Further Cultivation Partners

Rua's market leadership in the medicinal cannabis sector has generated approaches from a range of businesses and individuals with strong horticultural experience that are interested in growing cannabis.

Rua envisions that there may be potential to create a cultivation partner network where a range of independent entities hold an exclusive supply relationship with Rua and are contracted to grow medicinal cannabis under a proprietary licence from Rua. Rua may provide plant genetics and cultivation training, support the partners through the licensing and certification process, and have oversight and audit responsibilities in relation to regulatory compliance and quality standards. Rua has entered into meaningful discussions with two other potential cultivation partners. The cultivation partner network may be further developed and utilised or Rua may rely on individual agreements with cultivation/grower partners specific to the circumstances at the time for the Company and the partner.

There is strong precedent for a grower partnership model in New Zealand, particularly with Zespri's model for organising kiwifruit production. Cooney Lees Morgan, the law firm supporting Zespri's grower model, is working with Rua on developing its cultivation partnership framework.

This model also provides an opportunity to deliver economic benefits from the cannabis sector across the country and provide a means for those with historically illicit cultivation experience to legitimately participate in the industry. The ability of third parties to partner with the Company would align with Rua's commitment to ethics and social outcomes.



2.8

Research and Commercial Partners

Crown Research Institutes and Universities Collaboration

Rua is working with Crown Research Institutes (Scion Research and Plant and Food Research), tertiary institutions (Unitec Institute of Technology and the University of Waikato) and Callaghan Innovation to develop hyper-spectral image screening methods to determine optimal harvest timings, detect pests and diseases and potentially identify the chemical profile of living plants. Rua and the research partners have secured the appropriate licences for this work.

Rua is working with researchers at Victoria University of Wellington to identify gene groups that show promising interactions with cannabinoids and cannabis-derived extracts as potential targets for novel drug development. Rua is in early discussions with faculty at the School of Medical Sciences at the University of Auckland to collaborate and design clinical research. These research projects will focus on the potential of cannabis-derived pharmaceuticals in molecular biology and neurological function.

Medical Research Institute of New Zealand (MRINZ)

MRINZ is an independent medical research organisation established in 2001, operating from its main facilities in Wellington, New Zealand. Internationally recognised as one of New Zealand's major medical research organisations, it regularly publishes innovative research in high impact international journals. Rua is working on developing clinical trials and cannabis patient outcomes research with MRINZ. Any clinical trials to be undertaken are likely to be in the medium to long-term.

Plant and Food New Zealand

Plant and Food Research is a Crown Research Institute focused on the growth of New Zealand's plant and marine-based industries through the successful application and commercialisation of research-based innovation. Rua has signed agreements with Plant and Food Research in relation to a proprietary exploration of cannabinoids.

Dr Ethan Russo

Medical Advisor MD Medicine, BS Psychology

Ethan is a former senior medical advisor to GW Pharmaceuticals, and was the Study Physician for Phase 2 and Phase 3 clinical trials for Sativex®, one of the leading medicinal cannabis products that is sold throughout the world. He is currently serving on the Scientific Advisory Board for the American Botanical Council, having previously served as President of the International Cannabinoid Research Society and Chairman of the International Association for Cannabinoid Medicines. He is also a published author⁴³ and has held numerous faculty appointments⁴⁴. Ethan is advising Rua on cannabinoid research and medical product development.



⁴³ Publications include Handbook of Psychotropic Herbs, co-editor of Cannabis and Cannabinoids: Pharmacology, Toxicology and Therapeutic Potential, and was founding editor of Journal of Cannabis Therapeutics, selections of which were published as books: Cannabis Therapeutics in HIV/AIDS, Women and Cannabis: Medicine, Science and Sociology, Cannabis: From Pariah to Prescription, and Handbook of Cannabis Therapeutics: From Bench to Bedside. He has also published numerous book chapters, and over fifty articles in neurology, pain management, cannabis, and ethnobotany.

⁴⁴ Faculty appointments include Pharmaceutical Sciences at the University of Montana, Medicine at the University of Washington, and as visiting professor, Chinese Academy of Sciences, Harvard University, and Johns Hopkins University.

2.9

Outlook and Growth Opportunities

Upcoming Target Milestones

- **GMP Certification.** Rua's GMP certification process is expected to be audited in Q4 2020, and the Company expects to be certified for GMP by no later than Q1 2021.
- **First Export Revenues.** First commercial production cycle is expected in H1 2021 and first export revenue by the end of H2 2021⁴⁵.
First Cultivation Partner Production. First production from Medbloom is expected in H2 2021.
- **Cultivation Expansion.** Facility expansion expected in 2021 to support an increase in Rua's internal production capacity.

Medium and Longer-Term Opportunities

Rua's immediate goal is to generate meaningful revenue from the cultivation and processing capacity that is already in place. The Company is also targeting a range of medium and longer term initiatives which have the potential to create enduring shareholder value. These opportunities include:

- **Clinical Studies and Approved Medicines**
Rua expects that it could have its first product ready for clinical studies as early as H1 2021 and has been working with its research partners to prepare clinical trial protocols. A focus on Phase 1 and Phase 2 clinical trials, where the safety of the product is verified, combined with current and future clinical evidence is expected to increase the propensity for doctors to prescribe Rua's products⁴⁶.
- **Expansion into New Markets**
Rua expects to make nominal sales into the New Zealand market in the short-term and has longer-term ambitions to expand its New Zealand sales and export sales into Australia, the rest of Europe and selected Asian markets. Rua has started to develop key relationships with industry participants and pharmaceutical importers in these regions, including in one jurisdiction in Asia. However, Rua has only considered supply into these markets at a high level. Rua has not determined the best distribution channel for any such market and is unlikely to do so for some time.
- **Additional Revenue Streams**
There may be options to leverage the intellectual property developed through technical innovations, genetics, consulting and licensing in the future. To this end the Company will seek to ensure that opportunities are identified early, intellectual property arrangements are clear and novel developments protected. Contributing to research collaborations that include consideration of commercialisation pathways is a core commitment of the Company.
- **Expansion of Cultivation Partners**
Rua's current prospects for further cultivation partners have largely resulted from third parties approaching Rua. As the model becomes proven, there may be room for Rua to accelerate its growth by investing in active business development activities aimed at identifying appropriate new partners.
- **Cannabinoid Research**
Rua believes there may be significant opportunities from research into cannabinoids beyond CBD and THC, which have yet to be meaningfully explored by the sector to date. Additionally, Rua has a research programme exploring sources of cannabinoids outside of the cannabis plant.

While the opportunities outlined above for the creation of shareholder value are currently under investigation, whether any such opportunity can be successfully developed is uncertain at this stage.

⁴⁵ For completeness, Rua expects that there will be local sales in H1 2021, although export revenue is expected in H2 2021.

⁴⁶ See Karen Oldfield et al "Medical cannabis: knowledge and expectations in a cohort of North Island New Zealand general practitioners" NZMJ 17 January 2020, Vol 133 No 1508 (available at: <https://www.nzma.org.nz/journal>).



2.10

Directors, senior managers and individual related parties

Board of Directors

Rua has brought together a highly skilled and experienced Board of Directors, with each Director contributing relevant expertise in key functional areas.

**Trevor
Burt**



Independent Non-Executive Chairman *BSc Chemistry*

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

**Anna
Stove**



Independent Non-Executive Director *Dip Nursing*

Anna has significant global experience in leading and driving transformational change and has more than 25 years' experience leading pharmaceutical businesses across Asia, Europe and New Zealand. She most recently stepped down as General Manager of GlaxoSmithKline New Zealand. Anna is currently the Chair of Global Women New Zealand and a Director of TAB NZ. Anna has been a Director of Rua since May 2019.

**Martin
Smith****Non-Executive Director**
BCom Marketing, MInstD

Martin is a professional director with more than 25 years' experience in the consumer goods sector. He is the former Country Manager of L'Oréal New Zealand and previously a Regional Director for L'Oréal Asia Pacific, Western Europe, Africa, India and the Middle East. Martin also served on the board of a leading New Zealand 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 New Zealand Institute of Directors. Martin has been a Director of Rua since November 2018.

**Brett
Gamble****Non-Executive Director**
BCom Accounting & Finance

Brett has more than 20 years' experience in growth company investment and corporate finance roles, working across the USA, Europe and Australasia. He is currently CEO of Tailorspace and Managing Director of Alvarium Investments (NZ) Limited. Brett has grown businesses in both ownership and executive roles, is a current director of Mike Greer Homes and Mojo Coffee, and was previously a director of Enable Networks and Southbase Construction. Brett was appointed a Director of Rua in November 2019.

**Panapa
Ehau****Director, Co-Founder**
BBS Management, G Dip Marketing

Panapa established New Zealand's first tertiary training course for cannabis cultivation, via the Eastern Institute of Technology. With a degree in management, Panapa is a co-founder of a number of social enterprises and holds governance roles across numerous for-profit and charitable organisations. Panapa lives in Te Tairāwhiti region and has a focus on developing economic opportunities alongside his people. He has been a Director of Rua since its inception in October 2017.

Senior management

**Rob
Mitchell**



Chief Executive Officer
PG Dip Bus (Marketing)

Rob is a highly experienced senior executive with over 30 years in leadership roles for major global pharmaceutical companies, based both overseas and in New Zealand. He was a Senior Vice President at The Medicines Company, first as Head of Asia Pacific and then in charge of global innovation for infectious disease care. Prior to that he spent 18 years with Roche Holding AG, including roles as Head of Global Product Strategy for Virology and Managing Director of Roche New Zealand and Roche Thailand. More recently, Rob was CEO of local diagnostic healthcare start-up Caldera Health Limited (which entered into a shareholder-initiated voluntary liquidation in October 2019 while Rob was the CEO). Further information about Caldera Health Limited and the circumstances around its liquidation can be found on the Offer Register in the document titled "Other Material Information". Rob joined Rua in February 2020 to lead the Company through its next stage of growth.

**Manu
Caddie**



**Kaihautu – Head of Innovation and Regulation,
Co-Founder**
BDes, PGDip Ed.

Manu has been recognised as one of New Zealand's most trusted authorities on medicinal cannabis, having presented at the United Nations, House of Commons and other global industry events. He has been elected twice by industry peers as President of the New Zealand Medical Cannabis Council. With 20 years' experience in research, public policy and project management, including work for the World Bank and various public and private organisations, Manu recruited a comprehensive team to establish Rua as a sustainable business with global reach. Manu joined Rua as an employee in August 2018.

**Hamish
White**



Chief Financial Officer
CA, BBus Acct. & InfoSys, PGDip, Business

Hamish 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 intimately involved in the development of the New Zealand cannabis industry. Hamish joined Rua in August 2018.

**Paul
Naske**



Chief Operating Officer
BSc

Paul has held a range of leadership positions in business strategy and development, including roles as General Manager of Corson Grains 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.



IRUA

2.11

Substantial shareholders and relevant interests held by directors and senior managers

Existing substantial shareholdings

As at the date of this PDS, the following Shareholders have a relevant interest in 5% or more of the Shares in Rua:

Shareholder and the nature of relevant interest	Number of Shares	% of Shares ⁴⁷
<p>Hikurangi Hemp Holdings Limited (HHHL) is the registered holder and beneficial owner of Shares in Rua.</p> <ul style="list-style-type: none"> Hikurangi Bioactives Limited Partnership (HBLP) is a related body corporate of HHHL by virtue of holding more than half of HHHL's voting products. Hikurangi Bioactives GP Limited (HBGPL), as the general partner of HBLP, has responsibility, authority and power for the management and control of the business and affairs of HBLP. Waiapu Investments Limited (WIL) has the power to exercise, or to control the exercise of, a right to vote attached to 20% or more of the voting products of HHHL. <p>As a result, each of HBLP, HBGPL and WIL have relevant interests in HHHL's Shares in Rua.</p>	35,233,180	34.3%
<p>Biocann Investments Limited (Biocann) is the registered holder and beneficial owner of Shares in Rua.</p> <ul style="list-style-type: none"> Tailorspace Capital Limited (TCL) has the power to exercise, or to control the exercise of, a right to vote attached to 20% or more of the voting products of Biocann. TCL is wholly owned by Tailorspace Limited. Ben Gough and Trevor Burt (in his capacity as an independent trustee with no beneficial interest) are trustees of the Ben Gough Family Trust and jointly hold the shares in Tailorspace Limited on behalf of the Ben Gough Family Trust. Andrew Charles Williams has the power to exercise, or to control the exercise of, a right to vote attached to 20% or more of the voting products of Biocann. <p>As a result, each of TCL, Tailorspace Limited, Ben Gough and Trevor Burt (in their capacity as trustees of the Ben Gough Family Trust), and Andrew Charles Williams have relevant interests in Biocann's Shares in Rua.</p>	30,838,374	30.0%
<p>Fang Group Investment Limited (FGIL) is the registered holder and beneficial owner of Shares in Rua. FGIL is wholly owned by Fang Liu and, as a result, Fang Liu has a relevant interest in FGIL's Shares in Rua.</p>	23,084,939	22.5%
TOTAL	89,156,493	86.7%

HHHL and Biocann have each taken necessary steps to effect their voluntary liquidation and to distribute their assets (including the Shares) to their respective shareholders immediately upon closing of the Offer⁴⁸. WIL has also taken steps toward effecting its voluntary liquidation and to distribute its assets (including the Shares receivable from HHHL to its shareholders immediately upon closing of the Offer and subject to receiving the Shares distributable to it from HHHL). Accordingly, it is expected that HHHL, Biocann and WIL will not be shareholders in Rua immediately following completion of the Offer (following allotment of Shares under the Offer).

⁴⁷ For the purposes of this table and calculating the "% of the Shares" column, "Shares" include Options that may be convertible into Shares under the ESOP and the Rights to Shares under the Bonus Offer. As further explained in the document titled "Other Material Information" on the Offer Register, the number of Shares above reflects the fact that a portion of the options granted have been forfeited for the non-achievement of the initial set of the first vesting conditions.

⁴⁸ The respective boards of HHHL and Biocann must also be satisfied at the closing of the Offer that the Listing will take place after taking into account all relevant factors.

Expected substantial shareholdings upon completion of the Offer

The following persons are likely to have a relevant interest in 5% or more of the Shares in Rua immediately following completion of the Offer (following the allotment of Shares under the Offer):

<i>Shareholder and the nature of relevant interest</i>	Indicative relevant interest in Rua following completion of the Offer	
	<i>Number of Shares⁴⁹</i>	<i>% of Shares</i>
HBLP will be a registered holder and beneficial owner of Shares in Rua. Hikurangi Bioactives GP Limited, as the general partner of HBLP, has responsibility, authority and power for the management and control of the business and affairs of HBLP, and accordingly has a relevant interest in the Shares held by HBLP.	23,488,787	16.5%
Fang Group Investment Limited will be a registered holder and beneficial owner of Shares in Rua. FGIL is wholly owned by Fang Liu and, as a result, Fang Liu will have a relevant interest in FGIL's Shares in Rua.	23,084,939	16.2%
TCL will be a registered holder and beneficial owner of Shares in Rua. TCL is wholly owned by Tailorspace Limited. Ben Gough and Trevor Burt (in his capacity as an independent trustee with no beneficial interest) are trustees of the Ben Gough Family Trust and jointly hold the shares in Tailorspace Limited on behalf of the Ben Gough Family Trust. As a result, each of Tailorspace Limited, and Ben Gough and Trevor Burt (in their capacity as trustees of the Ben Gough Family Trust) will have a relevant interest in the Shares held by TCL.	11,129,375	7.8%
Andrew Charles Williams will be a registered holder and beneficial owner of Shares in Rua.	7,756,838	5.4%
TOTAL	65,459,939	45.8%

⁴⁹ Based on there being 142,775,679 Shares on issue immediately after completion of the Offer, assuming that the total number of Shares issued under the Offer will be 40,000,000, being the target number of Shares being offered under the Offer, and on the basis that the total number of "Shares" include Options that may be convertible into Shares under the ESOP and the Rights to Shares under the Bonus Offer. As further explained in the document titled "Other Material Information" on the Offer Register, the number of Shares above reflects the fact that a portion of the options granted have been forfeited for the non-achievement of the initial set of the first vesting conditions.

Shareholdings held by directors and senior managers

The table below sets out the Shares in Rua that the directors and senior managers of Rua have a relevant interest in prior to the Offer (at the date of this PDS) and will likely have an interest in immediately following completion of the Offer (following the allotment of Shares under the Offer):

Director or senior manager	Nature of relevant interest	Shares in which person has relevant interest as at the date of this PDS		Indicative shareholding in Rua following completion of the Offer ⁵⁰	
		Number of Shares ⁵¹	% of Shares	Number of Shares ⁵²	% of Shares
Trevor Burt	<p>Joint shareholder of Tailorspace Limited (in his capacity as an independent trustee of the Ben Gough Family Trust but with no beneficial interest), which is the holding company of TCL. TCL has the power to exercise, or to control the exercise of, a right to vote attached to 20% or more of the voting products of Biocann. As a result, Trevor Burt has a relevant interest in 30,838,374 Shares held by Biocann (as at the date of this PDS) and 11,129,375 Shares that will be held by TCL (immediately after Listing).</p> <p>Shareholder and beneficial owner of Breakaway Investments Limited, who is the registered and beneficial owner of 763,896 Shares.</p> <p>Holder of 55,000 Options (potentially convertible to 283,072 Shares).</p>	31,885,342	31.0%	12,176,343 ⁵³	8.5%
Anna Stove	Registered and beneficial owner of 763,896 Shares.	763,896	0.7%	763,896	0.5%
Martin Smith	<p>Director and shareholder of Biocann, which is the registered and beneficial legal owner of 30,838,374 Shares.</p> <p>Joint shareholder (in his capacity as trustee of Wakaroma Trust) of 2,544,732 Shares following completion of the Offer.</p>	30,838,374	30.0%	2,544,732 ⁵⁴	1.8%
Brett Gamble	<p>Director and indirect shareholder of Biocann, which is the registered and beneficial legal owner of 30,838,374 Shares.</p> <p>Director and 50% shareholder of Aoraki Holdings (No 2) Limited which will be the registered and beneficial owner of 1,536,123 Shares (immediately after completion of the Offer).</p> <p>Director and shareholder of Positano Holdings Limited which will be the registered and beneficial owner of 269,791 Shares (immediately</p>	30,838,374	30.0%	1,805,914 ⁵⁵	1.3%

⁵⁰ Directors and senior managers are permitted to acquire Shares under the Offer. The interests in Shares expected to be held immediately following the Offer reflect the intentions of the directors and senior managers at the date of the PDS in relation to their acquisition of further Shares under the Offer.

⁵¹ For the purposes of this table, "Shares" include Options that may be convertible into Shares under the ESOP (net of the forfeited options) and the Rights to Shares under the Bonus Offer. (See also footnote 49 above).

⁵² Based on there being 142,775,679 Shares on issue immediately after completion of the Offer, and on the basis that "Shares" include Options that may be convertible into Shares under the ESOP (net of the forfeited options) and the Rights to Shares under the Bonus Offer (see also footnote 49 above).

⁵³ The number of Shares in which Trevor Burt has a relevant interest will reduce following completion of the Offer. This is because Biocann will distribute the Shares it holds to its upstream shareholders as further described in the paragraph underneath the table showing the existing substantial shareholdings in this Section 2.11 (*Substantial shareholders and relevant interests held by directors and senior managers*). Also see the description of the nature of relevant interest of Trevor Burt.

⁵⁴ The number of Shares in which Martin Smith has a relevant interest will reduce following completion of the Offer. This is because Biocann will distribute the Shares it holds to its upstream shareholders as further described in the paragraph underneath the table showing the existing substantial shareholdings in this Section 2.11 (*Substantial shareholders and relevant interests held by directors and senior managers*). Also see the description of the nature of relevant interest of Martin Smith.

⁵⁵ The number of Shares in which Brett Gamble has a relevant interest will reduce following completion of the Offer. This is because Biocann will distribute the Shares it holds to its upstream shareholders as further described in the paragraph underneath the table showing the existing substantial shareholdings in this Section 2.11 (*Substantial shareholders and relevant interests held by directors and senior managers*). Also see the description of the nature of relevant interest of Brett Gamble.

Director or senior manager	Nature of relevant interest	Shares in which person has relevant interest as at the date of this PDS		Indicative shareholding in Rua following completion of the Offer ⁵⁰	
		Number of Shares ⁵¹	% of Shares	Number of Shares ⁵²	% of Shares
Panapa Ehau	<p>Director and shareholder of WIL, which has the power to exercise, or to control the exercise of, a right to vote attached to 20% or more of the voting products of HHHL. As a result, Panapa Ehau has a relevant interest in 35,233,180 Shares held by HHHL (as at the date of this PDS).</p> <p>Registered and beneficial owner of 57,240 shares in WIL, which represents beneficial ownership in approximately 252,293 Shares⁵⁶.</p> <p>Holder of 55,000 Options (potentially convertible to 283,072 Shares).</p> <p>Holder of a Right to 27,099 Shares.</p>	35,543,351	34.6%	562,464 ⁵⁷	0.4%
Manu Caddie	<p>Holder of 55,000 Options (potentially convertible to 283,072 Shares).</p> <p>Director and shareholder of New Zealand Nutraceuticals Limited (NZNL). NZNL is a limited partner of HBLP, which has and will have (immediately after Listing) beneficial ownership of 9,395,515 Shares.</p>	9,678,587	9.4%	9,678,587	6.8%
Rob Mitchell	<p>Holder of 55,000 Options (potentially convertible to 301,453 Shares).</p> <p>Holder of a Right to 70,320 Shares.</p> <p>Registered and beneficial owner of 40,000 Shares following completion of the Offer⁵⁸.</p>	371,773	0.4%	411,773	0.3%
Hamish White	<p>Holder of 55,000 Options (potentially convertible to 283,072 Shares).</p> <p>Registered and beneficial owner of 95,583 Shares.</p> <p>Registered and beneficial owner of 1,000 shares in WIL, which represents beneficial ownership in approximately 4,407 Shares⁵⁹.</p> <p>Holder of a Right to 26,058 Shares.</p>	409,120	0.4%	409,120	0.3%
Paul Naske	<p>Holder of 32,000 Options (potentially convertible to 164,696 Shares).</p> <p>Registered and beneficial owner of 19,117 Shares as at the date of this PDS and 39,117 Shares following completion of the Offer⁶⁰.</p> <p>Registered and beneficial owner of 400 shares in WIL, which represents beneficial ownership in approximately 1,763 Shares⁶¹.</p> <p>Holder of a Right to 26,058 Shares.</p>	211,634	0.2%	231,634	0.2%

⁵⁶ The number of Shares that Panapa Ehau is beneficially entitled to as a result of his shareholding in WIL (and, similarly, for other senior managers that are shareholders in WIL) is calculated using a conversion rate of 4.407644289 applied to the number of WIL shares held by Panapa Ehau (rounded down to the nearest whole number). This conversation rate is based on the following shareholding information:

- WIL is a beneficial owner of 11,744,393 Shares (based on its 33.3333% shareholding in HHHL and HHHL's ownership of 35,233,180 Shares as at the date of this PDS).
- As at the date of this PDS, the total number of shares in WIL is 2,664,551.
- Each share in WIL entitles its holder to an equal share in the distribution of the surplus assets of WIL (including the 5,872,197 Shares that WIL is beneficially entitled to from HHHL).

Accordingly, each share in WIL corresponds to 4.407644289 Shares (i.e. 11,744,393 divided by 2,664,551).

⁵⁷ The number of Shares in which Panapa Ehau has a relevant interest will reduce following completion of the Offer. This is because HHHL will distribute the Shares it holds to its upstream shareholders and WIL will simultaneously distribute the Shares it receives from HHHL to its upstream shareholders, as further described in the paragraph underneath the table showing the existing substantial shareholdings in this Section 2.11 (*Substantial shareholders and relevant interests held by directors and senior managers*). Also see the description of the nature of relevant interest of Panapa Ehau.

⁵⁸ Based on Rob Mitchell's intention to participate in the Offer and subscribe for 40,000 Shares under the Offer.

⁵⁹ Refer to footnote 56.

⁶⁰ Based on Paul Naske's intention to participate in the Offer and subscribe for 20,000 Shares under the Offer.

⁶¹ Refer to footnote 56.

2.12

Other equity securities of Rua

As at the date of this Offer, there are no other classes of Rua equity securities other than the Shares.

Under the Constitution, any other class of equity securities of Rua that ranks equally with, or in priority to, the Shares may be issued without a special resolution of the holders of the Shares. However, the issue of new equity securities in Rua will be governed by the Listing Rules, which requires the approval by ordinary resolution of the holders of the Shares to the issue of new equity securities, except in certain circumstances set out in the Listing Rules.

2.13

Directors remuneration and other benefits

The table below sets out the total remuneration and value of other benefits received by each Director during FY2020 and expected to be received in FY2021, as well as the nature of the services to which that remuneration, or those other benefits, relates (other than services provided in a person's capacity as director).

Director	Remuneration and value of other benefits received in FY2020			Expected remuneration and value of other benefits received in FY2021		
	Remuneration	Committee work	TOTAL	Remuneration	Committee work	TOTAL
Anna Stove	\$43,031.25	Nil	\$43,031.25	\$45,000	Nil	\$45,000
Brett Gamble	\$32,250	Nil	\$32,250	\$45,000	\$4,500	\$49,500
Martin Smith	\$42,750	Nil	\$42,750	\$45,000	\$4,500	\$49,500
Panapa Ehai⁶²	\$109,909	Nil	\$109,909	\$110,547	Nil	\$110,547
Trevor Burt	\$70,500	Nil	\$70,500	\$90,000	Nil	\$90,000

The remuneration paid to the Directors in FY2021 will be higher than that paid in FY2020. This reflects that, as a result of the Listing on the NZX Main Board, the Directors will have increased responsibilities and will be required to devote more time to the performance of their duties as directors. Director appointments were made at different times during the financial year which is reflected in the table. The Directors have taken a voluntary reduction in fees of 30% to assist the business' cashflow during the Covid-19 Pandemic. This reduction may be cancelled at any time. The base fee for a Director is \$45,000 and \$90,000 for the Chair. The fees for Directors of Rua that apply from Listing have been fixed as a total pool of \$324,000 per annum for the FY2021 financial year.

Under Listing Rule 2.11.3, if the total number of Directors subsequently increases, the Directors are permitted (without seeking shareholder authorisation) to increase the total

remuneration payable to all Directors by the amount necessary to enable Rua to pay the additional Director or Directors remuneration not exceeding the average amount then being paid to each of the non-executive Directors (other than the Chair).

The 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.

Rua has granted indemnities, as permitted by the Companies Act, in favour of each of its Directors and certain employees. Rua also maintains Directors & Officer liability insurance for its Directors and officers.

⁶² Panapa Ehai receives a salary as an executive of the Company which is included in the table above. In FY2020, his director fee was \$44,362 and salary was \$65,547, for a total remuneration of \$109,909. In FY2021, his director fee is expected to be \$45,000 and his salary is expected to remain at \$65,547, for a total remuneration of \$110,547.

2.14

Employee remuneration

The table below shows the number of employees or former employees of Rua who, not being directors, received remuneration and any other benefits in their capacity as employees in respect of FY2020 that in value was or exceeded \$100,000 per annum. Rua expects the remuneration or benefits of its employees during FY2021 to be materially different from FY2020, as shown below⁶³.

Remuneration and other benefits	Number of employees (FY2020) ⁶⁴	Number of employees (FY2021)
\$100,000 to \$109,999	0	1
\$110,000 to 119,999	1	0
\$120,000 to \$129,999	1	1
\$130,000 to \$139,999	2	0
\$140,000 to 149,999	0	2
\$150,000 to \$159,999	0	1
\$180,000 to \$189,999	1	0
\$330,000 to \$339,999	0	1

2.15

Employee share option plan

ESOP

Certain Rua directors and employees currently participate in an Employee Share Option Plan (**ESOP**). Under the ESOP, those participating directors and employees are granted options to ordinary shares in Rua, subject to the terms and conditions of the ESOP. Each option, if vested and exercised, converts into 5.822 Shares each.

The first grant of options under the ESOP was made in September 2019 under which 408,000 options were granted (representing 2,099,877 Shares or 1.5% of the Shares on issue immediately following the Offer⁶⁵, if the granted options are vested and exercised). Generally, these options will vest in 2 years from the date of grant and be exercisable if the participant remains employed or engaged by Rua and specified performance hurdles are achieved until vestment. These options are exercisable at a nil exercise price and will expire if they are not exercised within 3 months of vesting. 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.

The second grant of options under the ESOP was made in March 2020 under which 75,000 options were granted

(representing 413,211 Shares or 0.3% of the Shares on issue immediately following the Offer⁶⁶, if the granted options are vested and exercised). These options will vest in October 2022 and be exercisable if the participant remains employed or engaged by Rua and specified performance hurdles are achieved until vestment. These options are exercisable at a nil exercise price and will expire if they are not exercised within 3 months of vesting. The consideration for which the options were issued is the services provided and to be provided by the participating employees under the terms of their engagement with Rua.

The Board may invite further directors, contractors or employees of Rua to participate in the ESOP, subject to the terms and conditions of the ESOP and the requirements of the Listing Rules.

Bonus Offer

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

Further information in relation to the ESOP and the Bonus Offer is available on the Offer Register in the document titled "Other Material Information".

Other than as described above, there are no other options or other rights to acquire equity securities granted to, or proposed to be granted to, any person by or on behalf of Rua.

⁶³ Employee share options granted to certain employees of Rua are not considered to be remuneration or any other benefits received by those employees until the options vest and are exercised. Employee share options are further described in Section 2.15 (*Employee share option plan*).

⁶⁴ Rob Mitchell joined Rua as CEO in February 2020. His remuneration and other benefits received as employee during FY2020 is included in this table on a pro rated basis for the 5 months from February to end of June 2020.

⁶⁵ Based on there being 142,775,679 Shares on issue immediately after Listing (and on the basis that "Shares" include Options that may be convertible into Shares under the ESOP (net of the forfeited options) and the Rights to Shares under the Bonus Offer). See also footnote 49 above.

⁶⁶ Based on there being 142,775,679 Shares on issue immediately after Listing (and on the basis that "Shares" include Options that may be convertible into Shares under the ESOP (net of the forfeited options) and the Rights to Shares under the Bonus Offer). See also footnote 49 above.

2.16

Other material interests in Rua

Certain Rua senior managers and directors hold Shares and/or Options in Rua, further details of which are set out under Section 2.11 (*Substantial shareholders and relevant interests held by directors and senior managers*).

All of the senior managers have entered into employment agreements with Rua. All of the directors have accepted letters of appointment for their directorship in Rua.

Certain Rua directors and senior managers have entered into escrow arrangements in respect of the Shares held by them, as further described in Section 5 (*Terms of the Offer*).

2.17

Other material governance disclosures

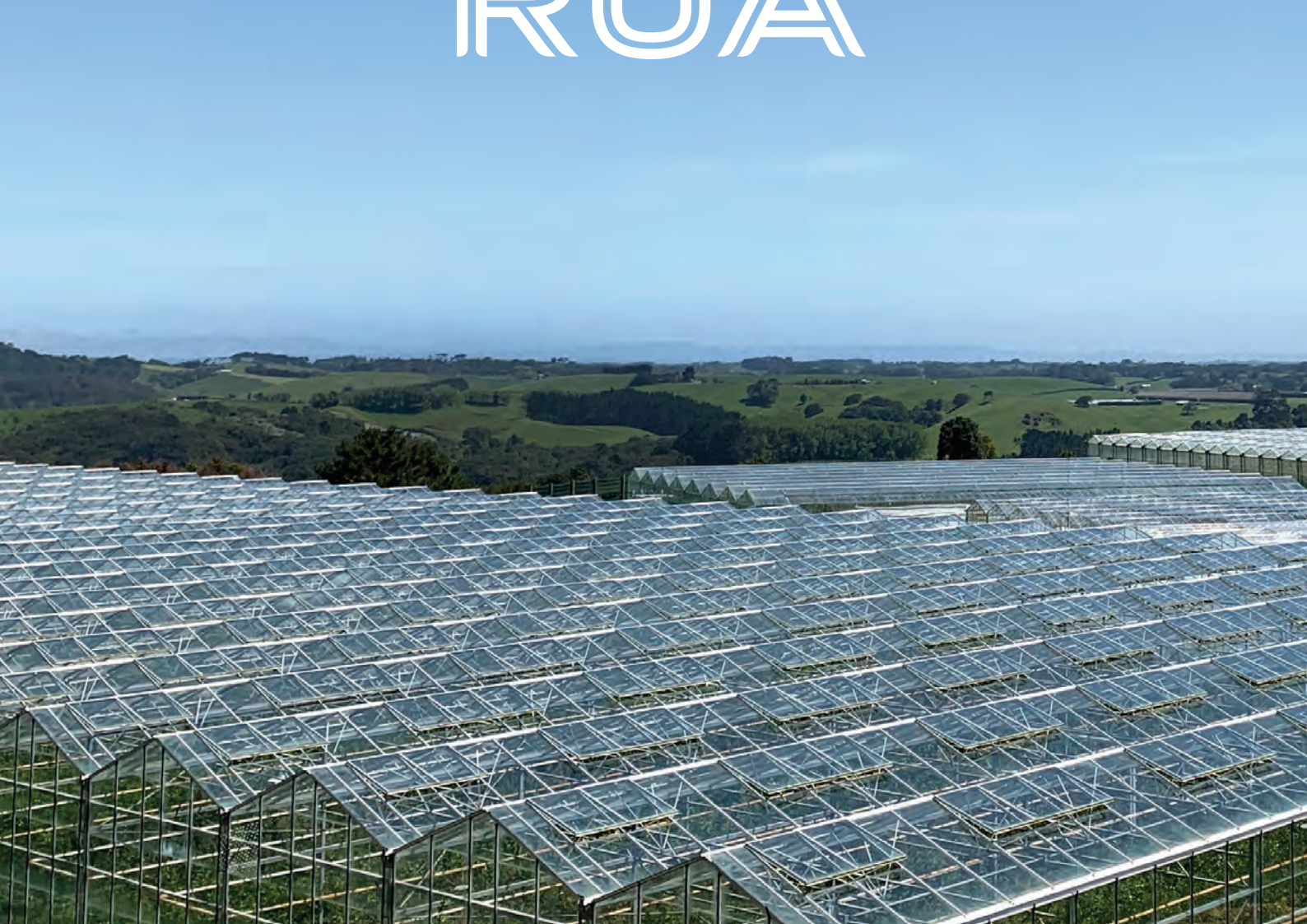
On listing, the Board will have in place the following board policies, charters and other governance documents that are typical for a company listed on the NZX Main Board:

- Board Charter.
- Audit, Finance and Risk Management Committee Charter.
- Remuneration and Nominations Committee Charter.
- Code of Corporate Governance.
- Code of Culture and Ethical Behaviour.
- Diversity and Inclusion Policy.
- Remuneration Policy.
- Continuous Disclosure Policy.
- Financial Products Dealing Policy.
- Takeovers Protocol.

Following Listing, in accordance with the Listing Rules and the Constitution, the Board will have the power to appoint additional Directors (including an executive Director) to the Board from time to time, provided that any Director appointed by the Board must retire and seek re-appointment at the next annual Shareholders' meeting of Rua.



IRUA



Purpose of the Offer

3.1

Purpose of the Offer

The purpose of this Offer is to raise new capital for Rua to support the achievement of sustainable revenue generation and fund the Company's next stage of growth. The target amount of \$20 million is intended to provide Rua with sufficient funds to achieve breakeven within the medium-term (3 to 5 years)⁶⁷.

<i>Expected Use of Funds</i>	<i>Application to Strategies and Plans</i>	<i>Target \$20m Offer</i>
Invest in sales and marketing for Germany and other target markets in collaboration with local partners, including potential investment in a New Zealand brand for those markets.	Supports longer term presence and sustainability of revenue in target markets.	\$2.0m
Expansion of cultivation capacity at its Ruatorea site, expected to be developed in 2021. Investment in cultivation partner capability and capacity.	Increase volumes available for wholesale sales and input into finished medicines. Mitigate risk with cultivation partner supply.	\$4.0m
Broaden product capabilities at the Gisborne manufacturing facility including expansion of product portfolio.	Increase capabilities and capacity in relation to finished medicines.	\$1.2m
Investment in research and development for plant breeding, finished medicine formulation, product development and clinical research.	Develop protectable plant varieties with optimal cultivation characteristics. Support efficacy of Rua's products and build prescriber confidence. Expansion of product portfolio.	\$3.5m
Funding of product costs, operational costs and working capital.	Provides funding for Rua's operations.	\$7.9m
Funding of Offer costs.	Cost of securing the external funding required to enable Rua's strategies and business plans to be executed.	\$1.4m

Although the funds from the Offer are intended to be used as outlined above, the ultimate deployment of capital may vary given the early stage nature of the business and potential changes to the Company's strategy. The use of the proceeds raised under the Offer will change at Rua's discretion depending on the total amount that is raised.

3.2

Underwriting

The Offer is not underwritten.

⁶⁷ If the amount raised under this Offer is insufficient to achieve breakeven within the medium term, Rua will need to consider its funding options, including raising additional capital through a further issue of shares.

4

Key dates and Offer process

4.1

Key dates

<i>Event</i>	<i>Key date</i>
Priority Offer and Broker Firm Offer open	5 October 2020
Priority Offer closes	13 October 2020
Broker Firm Offer closes	16 October 2020
Settlement and allotment	21 October 2020
Listing, expected commencement of trading on the NZX Main Board	22 October 2020
Earliest expected mailing of holding statements	23 October 2020

The above dates are indicative only and may change. Rua, in consultation with the Lead Manager, reserves the right to vary or extend these dates. Rua may also withdraw the Offer at any time before Settlement or accept late Applications (either generally or in individual cases).

 **For more information, see Section 5 (Terms of the Offer).**

Terms of the Offer

5.1

Key terms

The table below sets out the terms of the Offer. The Constitution sets out the terms of the Shares (a copy of which is available on the Offer Register).

<i>Terms</i>	<i>Description</i>
Offer	This is an offer of 40 million new Shares (representing 28.6% ⁶⁸ of the total Shares in Rua immediately after the issue).
Key dates	See Section 4 (<i>Key dates and Offer process</i>).
Price	An Issue Price of \$0.50 per Offer Share. In determining the Issue Price, consideration was given to the following factors: <ul style="list-style-type: none"> - the level of demand for Shares in the Bookbuild; - the desire for a successful and consistent aftermarket for the Shares; and - the trading history of comparable listed medicinal cannabis companies.
Structure of the Offer	The Offer comprises: <ul style="list-style-type: none"> - the Priority Offer; - the Broker Firm Offer; and - the Institutional Offer. See Section 5.2 (<i>Components of the Offer</i>).
Escrow arrangements	Fang Group Investment Limited, Tailorspace Capital Limited, Hikurangi Bioactives Limited Partnership, Andrew Charles Williams and the directors and senior managers who currently own Shares or who intend to subscribe for Shares under the Offer (together, the Escrowed Shareholders) have entered into escrow arrangements with Rua under which each Escrowed Shareholder has agreed not to sell or otherwise dispose of: <ul style="list-style-type: none"> - any of the Shares held by them upon completion of the Offer until the first day after the date on which Rua releases to NZX its results announcement in respect of the half year ended 31 December 2020; and - 75% of the Shares held by them upon completion of the Offer until the first day after the date on which Rua releases to NZX its results announcement in respect of the full year ended 30 June 2021, subject to limited exceptions set out on the Offer Register. <p>Up to 51.3% of the total number of Shares on issue in Rua immediately following completion of the Offer will be subject to escrow arrangements⁶⁹.</p>

⁶⁸ Assuming 40,000,000 new Shares are issued under the Offer.

⁶⁹ Assuming 40,000,000 new Shares are issued under the Offer.

<i>Terms</i>	<i>Description</i>
Discretion regarding the Offer and refunds	<p>The Offer may be withdrawn by Rua at any time before the Offer Shares are issued at Rua's sole discretion.</p> <p>If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) no later than five Business Days after the decision to withdraw the Offer, or any part of it, is announced.</p> <p>Rua reserves the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or settlement either generally or in particular cases, reject or refuse any Application, allocate to any Applicant or any bidder fewer Shares than applied for or accept an Application in part only. If Rua refuses an Application or accepts an Application in part, the relevant Application Monies will be refunded (without interest) to the relevant Applicant no later than five Business Days after the last date on which Offer Shares are issued under the Offer.</p> <p>Refunds will be paid in the manner in which you elect any future dividends to be paid.</p> <p>If your Application is not completed correctly, or if the accompanying Application Monies are for the wrong amount, your Application may still be treated as valid. The decision of Rua as to whether to treat your Application as valid, and how to construe, amend or complete your Application, will be final. The decision on the number of Offer Shares to be allocated to you will also be final. However, you will not be treated as having agreed to purchase more Offer Shares than that for which payment has been made.</p>
Scaling	<p>If the Offer is oversubscribed, Applications for Offer Shares may be scaled back, subject to meeting the minimum Application allocations described in Section 5.2 (<i>Components of the Offer</i>). Any scaling will be determined at the absolute discretion of Rua and may not be on a pro-rata basis.</p>
Allotment	<p>Any New Zealand resident with a CSN will have their Offer Shares allotted under their CSN, if the CSN is provided in their Application.</p> <p>Applicants who do not have a CSN or who do not provide a CSN in their Application will be allocated a CSN at the time of submitting their Application. The CSN will be advised on the allotment statement after the Offer Shares have been allotted and confirmed and the associated Authorisation Code (FIN) will be sent as a separate communication shortly after 22 October 2020.</p> <p>Offer Shares issued under the Offer are expected to be allotted on 21 October 2020 and commence trading on the NZX Main Board on 22 October 2020.</p> <p>Holding statements are expected to be sent to all successful Applicants on 23 October 2020. No person accepts any liability or responsibility should any person attempt to sell or otherwise deal with Offer Shares before a statement confirming allotment is received.</p>
What you need to do to sell your Shares	<p>If you wish to sell your Shares on the NZX Main Board, after confirming your allocation, you must contact an NZX Firm and have a CSN and an Authorisation Code (FIN). Opening a new broker account can take a number of days depending on the NZX Firm's new client procedures. If you do not have a CSN, you will:</p> <ul style="list-style-type: none"> - be assigned one when you set up an account with an NZX Firm; or - receive one from the Share Registrar. <p>If you do not have an Authorisation Code (FIN), it is expected that you will be sent one as a separate communication by the Share Registrar. If you have an NZX Firm and have not received an Authorisation Code (FIN) by the date you want to trade your Shares, your NZX Firm can obtain one, but may pass the cost for doing so on to you. In certain cases where an NZX Firm uses a bare trustee structure to hold your Shares, you may not have a CSN or an Authorisation Code (FIN). Please contact your NZX Firm to determine what you need to do to sell your Shares.</p> <p>If you sell your Shares, you may be required to pay brokerage or other sale expenses. You may also be liable for tax on the sale of your Shares. You should seek your own tax advice in relation to your Shares.</p>
No guarantee	<p>No person guarantees the Shares offered under this PDS. No person warrants or guarantees the performance of the Shares or any return on any investments made pursuant to this PDS.</p>

5.2

Components of the Offer

	<i>Broker Firm Offer</i>	<i>Priority Offer</i>
Who can apply?	<p>The Broker Firm Offer is open to New Zealand resident retail clients of NZX Firms who have received an allocation from their NZX Firm.</p> <p>You should contact an NZX Firm to determine whether they may offer Shares to you under the Broker Firm Offer.</p>	<p>The Priority Offer is open to eligible residents in the Gisborne constituency which makes up the Gisborne District Council region (in the postcodes 4000-4099), shareholders of WIL and any other person invited by Rua to participate in the Priority Offer (whom Rua determines in its sole discretion to be eligible). In order to be eligible under the Priority Offer you must apply using an address that has a postcode in the Gisborne region or using the same name and postal address as your shareholding in WIL, unless Rua otherwise determines you are eligible. Rua reserves the right to determine in its sole discretion whether you are eligible to apply in the Priority Offer.</p>
How do you apply?	See Section 11 (<i>How to apply</i>) and the relevant Application Form for detailed instructions on how to apply for Shares.	
How many Offer Shares can you apply for?	Your NZX Firm will determine the number of Shares their clients may apply for.	The minimum Application amount for eligible residents in the Gisborne constituency or WIL shareholders is 200 Shares. The minimum Application amount for all other Priority Offer Applications is 2,000 Shares, and thereafter in multiples of 200. There is no maximum Application amount.
How do you pay for your Offer Shares?	See Section 11 (<i>How to apply</i>) and the relevant Application Form for payment details.	
When do you need to apply?	<p>Offer opens at 9.00am on 5 October 2020. You should complete your Application (including making payment of the Application Monies):</p> <ul style="list-style-type: none"> -in the case of the Priority Offer, by 5.00pm on 13 October 2020; and -in the case of the Broker Firm Offer, by the time and date specified by your NZX Firm. <p>If you are applying for Shares by completing an Application Form (rather than completing the Application online), you should send your completed Application Form and Application Monies:</p> <ul style="list-style-type: none"> -in the case of the Priority Offer, to the Share Registrar by 5.00pm on 13 October 2020; and -in the case of the Broker Firm Offer, to your NZX Firm in time to enable forwarding to the Share Registrar by 5.00pm on 16 October 2020. 	
Allocation policy	<p>Allocations by NZX Firms under the Broker Firm Offer to their clients will be determined by those NZX Firms. It will be a matter for the NZX Firms to ensure that their clients who have received an allocation from them receive the relevant Shares. Broker Firm Offer Applicants should contact the NZX Firm from whom they received their allocation to find out if their Application was successful.</p>	<p>The number of Shares to be offered under the Priority Offer, and the allocation of Shares among participants in the Priority Offer, will be determined by Rua in its sole discretion.</p> <p>Applicants in the Priority Offer should contact the Share Registrar to find out if their Application was successful. In the event that demand for Shares in the Priority Offer does not meet the quantity reserved for Priority Offer Applicants, the residual Shares may be reallocated at the discretion of Rua to NZX Firms and Institutional Investors.</p>

Institutional Offer

The Institutional Offer was conducted through the Bookbuild. The Lead Manager invited selected Institutional Investors along with NZX Firms to bid for Shares in the Bookbuild undertaken by the Lead Manager on 23 September 2020. All successful participants in the Institutional Offer will pay the Issue Price for each Share allocated to them.

Details of Shares Offered

	Shares	% of Shares Following the Offer
Priority Offer	10,000,000	7.1%
Broker Firm Offer and Institutional Offer	30,000,000 ⁷⁰	21.4%

5.3

Listing

Rua expects that trading of Shares on the NZX Main Board will commence on 22 October 2020. If admission to list on the NZX Main Board is denied, the Offer will not proceed.

Application has been made to NZX for permission to list Rua and to quote the Shares on the NZX Main Board. All of NZX's requirements relating to that application that can be complied with on or before the date of this PDS have been complied with. However, NZX accepts no responsibility for any statement in this PDS. The NZX Main Board is a licensed market operated by NZX, which is a licensed market operator regulated under the FMC Act.

5.4

Selling restrictions

The Offer is only being made to:

- eligible persons under the Priority Offer;
- New Zealand resident clients of selected NZX Firms who have received a firm allocation of Shares from that NZX Firm under the Broker Firm Offer; and
- selected NZX Firms and Institutional Investors under the Institutional Offer.

5.5

Further information

This PDS is intended for use solely in connection with the Offer. You can find further information on the Offer Register in relation to the terms of the Offer, including the Constitution and additional selling restrictions, the Takeovers Code and the Overseas Investment Act 2005.

⁷⁰ These Shares have been subscribed for by the Institutional Investors under the Institutional Offer or are subject to firm commitment by NZX Firms under the Broker Firm Offer.

6

Key features of the Shares

6.1

Key features

All Shares issued under the Offer will be fully paid ordinary shares in Rua which rank equally with each other and all other ordinary shares in Rua on issue. The key features of the Shares do not differ from those that apply to other ordinary shares in a company generally.

6.2

Dividend policy

The payment of dividends is not guaranteed and will be at the discretion of the Board, and will be dependent on a number of factors. These factors include the general business environment, operating results and 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. Dividends will be declared only after meeting appropriate solvency requirements under the Companies Act.

The Board currently has no intention to declare dividends in the near future.

7

Rua's financial information

7.1

Introduction

These tables provide key financial information about Rua. Full financial statements are available on the Offer Register at disclose-register.companiesoffice.govt.nz, offer number OFR12952. If you do not understand this financial information, you should seek advice from a financial adviser or an accountant.

The financial information in this PDS is presented in New Zealand dollars and is rounded, which may result in some discrepancies between the sum of the components and the totals within tables, and also certain percentage calculations.

7.2

Selected financial information

The table of selected financial information contains historical financial information as reported in Rua's audited financial statements for the periods of 1 July 2018 to 30 June 2019 (**FY2019**) and 1 July 2019 to 30 June 2020 (**FY2020**).

<i>Financial Information (\$000)</i>	<i>FY2019 12 months ending 30 June 2019</i>	<i>FY2020 12 months ending 30 June 2020</i>
Revenue and other income ¹	222	728
Research and Development Expenses ²	(819)	(1,290)
Non-R&D Operating Expenses ²	(1,391)	(2,960)
EBITDA	(1,988)	(3,522)
Net profit after tax	(1,968)	(2,900)
Dividends on all equity securities of Rua	Nil	Nil
Total assets	11,134	15,761
Property, plant and equipment assets	525	5,658
Cash and cash equivalents	6,173	3,938
Total liabilities	622	1,370
Total debt ³	93	89
Net cash flows from operating activities	(1,952)	(3,628)

¹ Consists of grants received, Covid-19 wage subsidy and gain on sale of property, plant and equipment.

² Excludes depreciation expenses.

³ Consists of vehicle finance and a loan from the Inland Revenue Department under the Small Business Cashflow (Loan) Scheme.

Overview of Historical Financial Performance

This section provides an overview of Rua's historical operating financial performance and should be read in conjunction with the table set out under the heading 'Selected Financial Information' above.

FY2019 Financial Performance:

While Rua was established in 2017, it was non-operational until 31 August 2018 and the FY2019 result therefore represents 10 months of performance. During this first year of operation, Rua developed and began implementing its business plan. Activities carried out during the year included establishing its breeding and research programme, conducting market validation and building core business functions and capabilities. Rua did not receive any revenue from contracts with customers over this period although it received government grants in the form of employment subsidies for supporting regional employment and research and development tax credits.

FY2020 Financial Performance:

FY2020 reflected an increase in operating expenses to \$4.2m, as the business established the foundations for its commercial operations and a path to revenue. Key activities driving the FY2020 result included:

- Incurring the majority of the costs to construct and fit-out Rua's cultivation and manufacturing facilities.
- Recognition of \$0.5m of operating expenses related to non-cash share-based compensation.
- Costs associated with obtaining necessary certifications and licences, and the development of GMP standard operating procedures.
- Developing and negotiating the Nimbus sales agreement (also see Section 2.3 (*Key Business Strengths*)).
- Developing the framework for the cultivation partnerships and relationships with prospective partners (see Section 2.7 (*Cultivation Partners*)).
- Cultivation, processing and testing expenses related to Rua's initial crop grown under its research licence.
- Expanding Rua's research programme with strategic collaborations.
- Costs for preparing Rua for the Listing, including establishing an appropriate corporate governance framework, and compliance and operational procedures.

7.3

Capitalisation table

Number of equity securities being offered	40 million
Number of equity securities on issue following the Offer ¹	140,012,225
Issue Price	\$0.50
Implied market capitalisation	\$70 million
Net cash on completion of the Offer ²	\$21 million
Implied enterprise value	\$49 million

¹ Based on 40 million Shares being subscribed for under the Offer, being the target amount proposed to be raised by Rua under this Offer.

² Based on estimated cash position of Rua at the date of this PDS, adjusted by the target amount proposed to be raised by Rua under this Offer, being \$20m, less Offer costs.

Explanation of implied market capitalisation and implied enterprise value

Implied market capitalisation is the value of all of the issuer's equity securities, as implied by the price of the Shares being offered. It tells you what Rua is proposing that the Company's equity is worth.

Implied enterprise value (**EV**) is a measure of the total value of Rua's business, as implied by the price of the Shares being offered. Implied enterprise value is the amount that a person would need to pay to acquire all of Rua's equity securities and to settle all of Rua's borrowings. It is a measure of what the Company is proposing Rua's business is worth as a whole.

Rua's implied market capitalisation and EV have been calculated on the assumption that 140,012,225 Shares will be on issue immediately following completion of the Offer. If the number of Shares on issue immediately following completion of the Offer is different (because less than the \$20 million target amount to be raised under this Offer is subscribed for and allotted), Rua's implied market capitalisation immediately following the completion of the Offer will be adjusted accordingly.

7.4

No prospective financial information

There is no prospective financial information in this PDS. The Board has, following careful consideration and after having made reasonable endeavours to obtain all relevant information, concluded that the provision of prospective financial statements for the accounting period to 30 June 2021 and the subsequent accounting period to 30 June 2022, would be likely to deceive or mislead potential investors with regard to particulars that are material to the Offer. The Board believes that it is not practicable to formulate reasonable assumptions on which to base prospective financial information.

The Board's reasons for this opinion are as follows:

- Rua has not yet completed a successful commercial harvest that provides certainty that Rua will be able to grow and develop products that meet required quality standards under its revenue-related contractual arrangements.
- The medicinal cannabis sector that Rua operates in is developing at a very rapid pace and the market dynamics in Rua's target markets, including regulatory standards, market prices, customer access and level of demand, have not yet settled in a predictable fashion.
- Rua is currently awaiting GMP certification in order to commence its first commercial production cycle. A GMP certification of a purpose-built medicinal cannabis facility has never previously been issued in New Zealand, and there is uncertainty about when licensing and certification will be achieved. Further investment in Rua's current facilities may be required in order to secure these licences and certifications.
- Rua has not yet commenced ongoing commercial production at its facilities, so there is uncertainty about the actual costs of commercial production and whether actual costs will align with Rua's expectations.
- Rua intends to use part of the capital raised under the Offer for direct investments in R&D including in clinical trials. The timing of implementation of development programmes and clinical trials and therefore the incurrence of related expenditure can vary significantly due to a number of factors, including unexpected outcomes during early stages of the research (which may delay or accelerate product development).

Given the inability to reliably determine reasonable assumptions for the periods covered by prospective financial information, the Board is of the view that any prospective financial information would be likely to deceive or mislead potential investors in a material manner because actual operating revenue or expenditure for that period could be materially different from that forecast.



Risks to Rua's business and plans

8.1

Introduction

Investments in shares are risky. You should consider if the degree of uncertainty about Rua's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares. This section describes the circumstances Rua is aware of that exist or are likely to arise that significantly increase the risk to Rua's financial position, financial performance or stated plans (including in relation to the medicinal cannabis sector which is not well established in New Zealand and in which standards have only recently been set). This section also outlines particulars that will, to the extent that is reasonably practicable, assist an investor to assess the likelihood, nature and potential magnitude of impacts arising from those circumstances, such as the strategies that Rua has adopted to mitigate the circumstances arising. However, there can be no assurance that such arrangements will fully protect Rua from the identified risks. Also, Rua does not consider that the potential magnitude of the impacts arising from those risks can be easily identified, suffice to say that Rua considers that each risk identified has the potential to materially and adversely impact Rua's financial position, financial performance and stated plans.

This assessment is based on the knowledge of the Directors as at the date of this PDS. Although business risks are periodically reviewed by the Board⁷¹, there is no guarantee or assurance that the importance of each risk will not change or that other risks will not emerge over time, nor that the mitigation strategies will eliminate significant risks.

The risks below do not cover all of the risks of investing in the Shares.

8.2

Risks

Description of Risk	Why is it significant to Rua?	Particulars to assist an investor's assessment of the likelihood, nature and potential magnitude of any impact
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 Nimbus⁷²) but execution of further distribution contracts in European markets will be contingent on proof that Rua is able to supply EU GMP product⁷³. Preliminary discussions are progressing with Australian and New Zealand distributors.</p> <p>To mitigate risk of market uncertainty and customer concentration, Rua will actively monitor developments in other key markets and nurture relationships with key market participants. Business cases will be developed to test the sustainability of participation in those markets prior to entry investment.</p> <p>Rua proposes to expend some resources from this capital raise to fund investment in Germany and other international target markets including building brand presence in those markets (See Section 3 (<i>Purpose of the Offer</i>)). 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 was prematurely terminated or not renewed in the medium/long term.</p> <p>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>

⁷¹ Rua has developed a comprehensive risk assessment framework which has resulted in a register of critical strategic, operational, health and safety and environmental risks. The register does not purport to be a complete register of all risks to Rua's financial position, financial performance or stated plans but it enables Rua to periodically and methodically assess the likelihood of events occurring, the impact they may have and then to develop controls and mitigation strategies in respect of each risk.

⁷² Further information in relation to the sales agreement with Nimbus can be found on the Offer Register in the document titled "Other Material Information". See also Section 2.3 (*Key Business Strengths*) for more information about Nimbus.

⁷³ For further information concerning what is required for Rua to be able to supply EU GMP product, see Section 2.4 (*Industry Overview*).

<i>Description of Risk</i>	<i>Why is it significant?</i>	<i>Particulars to assist an investor's assessment of the likelihood, nature and potential magnitude of any impact</i>
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 an agreement with Medbloom, a significant flower producer which is building a glasshouse specifically for medicinal cannabis. Medbloom also has capacity to convert existing glasshouses should demand require it. Additionally, Rua is planning to expand its own cultivation capacity in 2021. Sales contracts will not be signed without sufficient cultivation capacity from Rua facilities and those of the grower partners.</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 assurance testing and audits throughout the supply chain.</p>

<i>Description of Risk</i>	<i>Why is it significant?</i>	<i>Particulars to assist an investor's assessment of the likelihood, nature and potential magnitude of any impact</i>
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 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. The relevant details of the EU MRA for medicines and active pharmaceutical ingredients (APIs) between NZ and the EU are still being addressed between the EU and Medsafe which presents a potential risk to Rua for early access to the German market.</p> <p>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. Rua is in regular contact with Medsafe officials who have confirmed they have addressed a small number of issues raised by the EU to enable the existing EU MRA for finished medicines to also include APIs.</p> <p>If the EU MRA is not extended or its extension otherwise does not permit Rua to export New Zealand GMP certified APIs near the time Rua has its product ready for export, Rua intends to invite EU auditors to visit and audit Rua products and processes to achieve EU GMP certification independent from the EU MRA. This could significantly delay market entry plans for Germany and, if this occurs, Rua intends to immediately explore other markets for its products. Rua understands remote audits for EU GMP may be possible under Covid-19 if EU auditors were unable to travel.</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 EU GMP certification is attained. If EU GMP certification 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 the Company to strictly adhere to licence conditions and minimum quality standards at all times.</p>

Description of Risk	Why is it significant?	Particulars to assist an investor's assessment of the likelihood, nature and potential magnitude of any impact
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 the Company.</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 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>Rua proposes to allocate funds from this capital raise to explore products that address market needs (see Section 3 (<i>Purpose of the Offer</i>)). However, attainment of breakeven operating performance is not dependent on future research and development delivering immediate results.</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>
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 collaborations with clinical researchers will build prescriber confidence in the products and the Company.</p>

<i>Description of Risk</i>	<i>Why is it significant?</i>	<i>Particulars to assist an investor's assessment of the likelihood, nature and potential magnitude of any impact</i>
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> <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>

9

Tax

Tax can have significant consequences for investments. If you have queries relating to the tax consequences of investing in the Shares you should obtain professional advice on those consequences.

10

Where you can find more information

Further information relating to Rua and the Shares is available on the Offer Register (including copies of the Constitution and financial statements) at disclose-register.companiesoffice.govt.nz, offer number OFR12952. A copy of the information on the Offer Register is available on request to the Registrar of Financial Service Providers.

Further information relating to Rua is also available on the Companies Office register of the Ministry of Business, Innovation and Employment. This information can be accessed at www.companiesoffice.govt.nz.

Once Rua is listed, it will be required to make half-year and annual announcements to NZX and such other announcements as required by the Listing Rules from time to time. You will be able to obtain this information free of charge by searching under Rua's ticker code "RUA" on NZX's website (www.nzx.com).

11

How to apply

11.1

Instructions

You should read this PDS, the information on the Offer Register and other available information carefully before applying for Shares.

You can apply for Shares as follows:

- **Priority Offer:** If you are a resident in the Gisborne constituency which makes up the Gisborne District Council region (in the postcodes 4000-4099), a shareholder of WIL or have been invited by Rua to participate in the Priority Offer, you can apply for Shares by completing the online Application at www.shareoffer.co.nz/rua and paying the Application Monies by following the on-screen instructions. You can also apply for Shares by completing the Priority Offer Application Form at the back of this PDS and paying the Application Monies in accordance with the instructions set out in that Application Form. Rua may, in its absolute discretion, determine to accept or reject any application under the Priority Offer.
- **Broker Firm Offer:** Once you have received confirmation of a firm allocation from an NZX Firm, you can apply for Shares under the Broker Firm Offer by completing the Broker Firm Offer Application Form at the back of this PDS and paying the Application Monies in accordance with the instructions set out in that Application Form, and otherwise in accordance with the instructions provided by your NZX Firm.
- **Institutional Offer:** Full details of how to participate, including bidding instructions, were provided by the Lead Manager to invited participants.

11.2

Privacy policy

If you apply for Shares, you will be asked to provide personal information to Rua, the Share Registrar and their respective agents who will collect and hold the personal information provided by you in connection with your Application.

Details of how your personal information will be used (including to whom it may be disclosed) and your rights to access and seek correction to such information can be found on the Offer Register, in the document titled "Other Material Information".

You can also access your information on the Share Registrar's website <https://www.investorcentre.com/nz> (you will be required to register your CSN (Common Shareholder Number) and Authorisation Code (FIN)).

12

Contact information

Issuer:

Rua Bioscience Limited

1 Commerce Place,
Awapuni, Gisborne 4071
Phone: +64 (6) 390 6938

Lead Manager:

Northington Partners

Level 26, SAP Tower,
151 Queen Street, Auckland 1010
Phone: +64 (9) 913 4600

Share registrar:

Computershare Investor Services Limited

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

Co-Manager⁷⁴:

Forsyth Barr Limited

Level 23, Lumley Centre
88 Shortland Street, Auckland 1010
Phone: +64 (9) 368 0000

Legal Advisers:

Lowndes Jordan

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

⁷⁴ The Co-Manager has not been involved in the due diligence process in relation to the Offer or in compiling or verifying this PDS or the document titled "Other Material Information" in the Offer Register.

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Glossary

Unless the context otherwise require, terms used in this PDS will have the meaning set out below and any capitalised terms not defined below will have the meaning given to those terms in the Constitution.

13.1

Glossary

<i>Terms</i>	<i>Meaning</i>
\$	New Zealand dollars.
Applicant	a person who makes an application for Shares under the Offer.
Application	an application to subscribe for Shares under the Offer made in accordance with the instructions set out in Section 11 (<i>How to apply</i>).
Application Form	a Priority Offer Application Form or the Broker Firm Application Form (as applicable) that accompanies this PDS.
Application Monies	the amount payable on an Application.
Board	the board of Directors of Rua.
Bonus Offer	Rua's employee share bonus offer as further described in Section 2.15 (<i>Employee share option plan</i>) and on the Offer Register in the document titled "Other Material Information".
Bookbuild	the process arranged by the Lead Manager through which selected Institutional Investors, and selected NZX Firms, submitted bids for the number of Shares they wished to purchase prior to the date of this PDS.
Broker Firm Offer	the portion of the Offer that is available to New Zealand resident clients of NZX Firms who have received an allocation of Shares from that NZX Firm.
Broker Firm Offer Application Form	the application form to subscribe for Shares under the Broker Firm Offer.
Business	Rua's business.
Business Day	a day on which the NZX Main Board is open for trading.
Co-Manager	Forsyth Barr Limited.
Companies Act	the Companies Act 1993.
Constitution	the new constitution of Rua to be adopted at and with effect from Listing, as amended from time to time.
CSN	common shareholder number.
Director	a director of Rua.

EBITDA	earnings before interest, tax, depreciation and amortisation. Equivalent to net profit after tax plus interest, tax, depreciation and amortisation.
ESOP	Rua's employee share option plan as further described in Section 2.15 (<i>Employee share option plan</i>) and on the Offer Register in the document titled "Other Material Information".
EU	the European Union.
EU MRA	the Mutual Recognition Agreement on GMP standards for finished medicines between New Zealand and the EU.
FIN	shareholder unique authorisation code (New Zealand).
FMC Act	the Financial Markets Conduct Act 2013.
FY	the financial year ended or ending 30 June of that year.
HBLP	Hikurangi Bioactives Limited Partnership, a New Zealand limited partnership with the registration number 2657652.
Institutional Investor	an investor who the Lead Manager reasonably believes to be a person to whom an offer or invitation in respect of Shares may be made without the need for a PDS or other formality.
Institutional Offer	the invitation to selected NZX Firms and Institutional Investors to participate in the Bookbuild, and the Institutional Investors committing to purchasing Shares.
Issue Price	\$0.50 per Offer Share.
Lead Manager	Northington Partners Limited.
Listing	the listing of Rua, and the quotation of the Shares, on the NZX Main Board, which is expected to be 22 October 2020, unless varied by Rua.
Listing Rules	the listing rules applying to the NZX Main Board in force from time to time.
Nimbus	Nimbus Health GmbH, a licensed importer and distributor of medicinal cannabis in the German market.
NZ GAAP	New Zealand generally accepted accounting practice.
NZX	NZX Limited.
NZX Firm	any company, firm, organisation or corporation designated or approved as a Primary Market Participant (as defined in the NZX Participant Rules made by NZX from time to time) from time to time by NZX.
NZX Main Board	the main board financial product market operated by NZX.
Offer	the offer of Offer Shares pursuant to the Broker Firm Offer, the Priority Offer and the Institutional Offer.
Offer Register	the online offer register maintained by the Companies Office known as "Disclose" and accessible online at disclose-register.companiesoffice.govt.nz , offer number OFR12952.
Offer Shares	the new Shares offered by Rua under the Offer.
Option	an option to purchase 5,882 Shares in Rua pursuant to the terms and conditions of the ESOP.
PDS	this product disclosure statement (including any supplementary, replacement or amended PDS).

Priority Offer	the offer for Shares under this PDS to eligible residents in the Gisborne constituency which makes up the Gisborne District Council region (in the postcodes 4000-4099), shareholders of WIL and any other person invited by Rua to participate in the Priority Offer (whom Rua determines in its sole discretion to be eligible).
Priority Offer Application Form	the application form to subscribe for Shares under the Priority Offer.
Right	a right to the issue of Shares in Rua pursuant to the terms and conditions of the Bonus Offer.
Rua or the Company	Rua Bioscience Limited, registered at the New Zealand Companies Office with company registration number 6484092.
Settlement	the date on which Offer Shares are issued to successful Applicants, which is expected to be 21 October 2020, unless varied by Rua.
Share	a fully paid ordinary share in Rua.
Shareholder	a holder of one or more Shares.
Share Registrar	Computershare Investor Services Limited.
Takeovers Code	the Takeovers Code promulgated under the Takeovers Regulations 2000.
WIL	Waiapu Investments Limited, registered at the New Zealand Companies Office with company registration number 6614353.

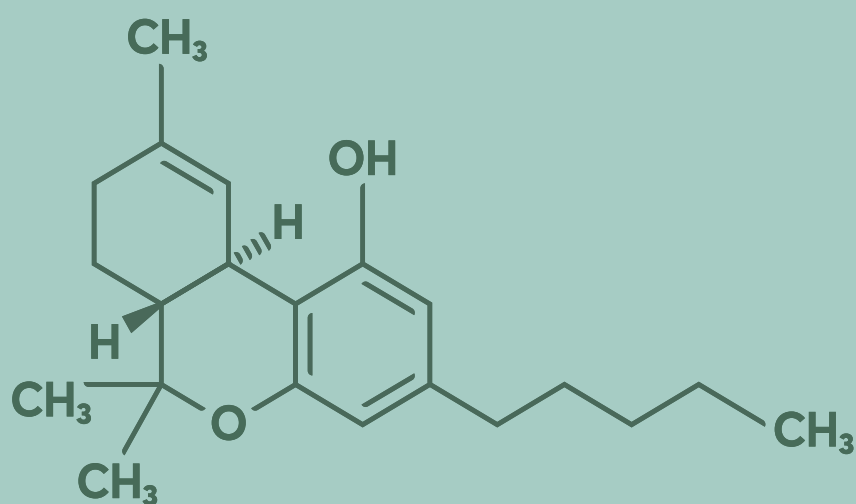
13.2

Industry Terms

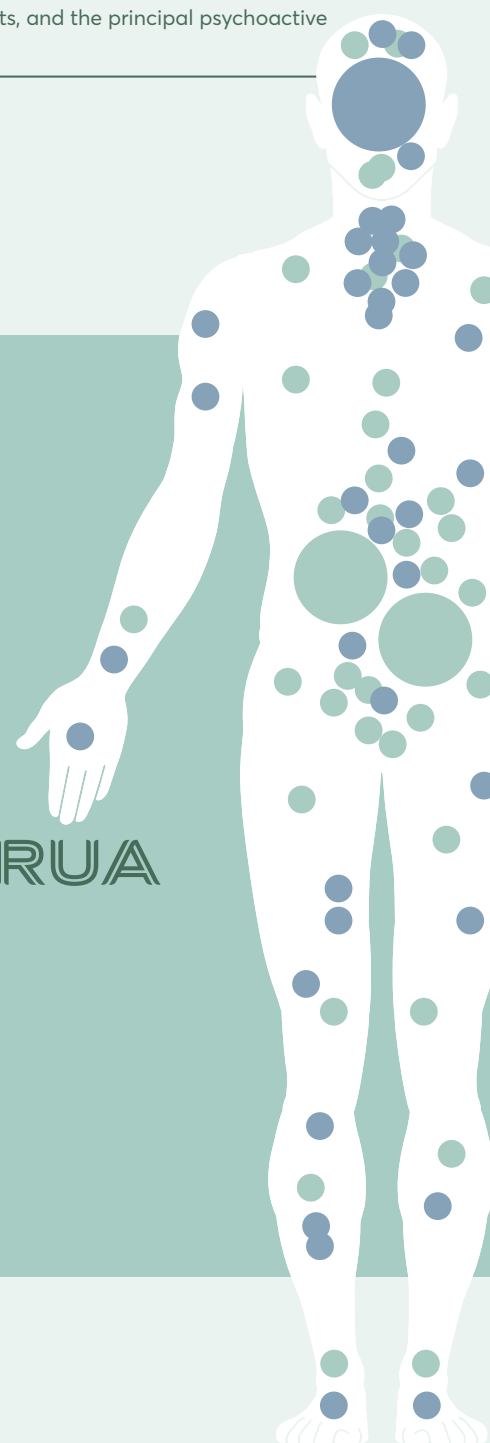
<i>Terms</i>	<i>Meaning</i>
cannabinoids	the chemical compounds commonly found in cannabis plants, including CBD and THC. All mammals, including humans, produce cannabinoids within the body. Cannabinoids can also be produced synthetically.
cannabidiol or CBD	a phytocannabinoid discovered in 1940 that is produced by the cannabis plant in varying levels relative to the cultivar and environmental factors.
Clinical Trials	controlled medical science studies supervised by doctors and approved by regulatory and ethics committees to determine the safety and efficacy of new medicines. Clinical development programmes usually comprise three or four phases, with each phase conducted consecutively using the information collected in the previous phase.
GDP	Good Distribution Practice, a minimum standard of practice for pharmaceutical distribution (intake, storage, warehousing, dispatch, etc.).
GMP	Good Manufacturing Practice, a globally recognised set of minimum standards which describe the systems that manufacturers of medicines are required to have in place to ensure their products are consistently safe, effective and of acceptable quality. On 1 September 2009 the Pharmaceutical Inspection Convention / Pharmaceutical Inspection Co-operation Scheme Guide to Good Manufacturing Practice PE 009-8, parts I, II and Annexes 1 to 3, 6 to 15, 17, 19 and 20 were adopted as the New Zealand Code of Good Manufacturing Practice for Manufacture and Distribution of Therapeutic Goods Part 1: Manufacture of Pharmaceutical Products (the Code). The version of the Code currently effective in New Zealand is located on the Medsafe website. ⁷⁵

⁷⁵ For more information regarding GMP certification, see Medsafe, *Introduction to the New Zealand Code of Good Manufacturing Process for Manufacture and Distribution of Therapeutic Goods*. Retrieved 21 September 2020, from <https://medsafe.govt.nz/regulatory/Guideline/NZGMPCodePart1Intro.asp>.

Medicinal Cannabis Licence	a medicinal cannabis licence granted under the Scheme.
Medsafe	New Zealand Medicines and Medical Devices Safety Authority, which is a business unit of the Ministry of Health and is the authority responsible for the regulation of therapeutic products in New Zealand.
Phase 1 clinical trials	initial testing of a product with a small number (usually 20-100) healthy volunteers to test for preliminary safety and establish the optimal dose of the new medicine.
Phase 2 clinical trials	all patients (100 – 300) given the new medicine at the optimal dose to test for safety and preliminary effectiveness of the new medicine in patients.
Phase 3 clinical trials	randomised controlled trials with a large number (usually 300+) of patients testing the efficacy of the new medicine compared with the current medicine normally used in patients.
phytocannabinoids	cannabinoids that occur naturally in some plants particularly cannabis.
Scheme	the Medicinal Cannabis Scheme established under the Misuse of Drugs (Medicinal Cannabis) Regulations 2019 and administered by the Medicinal Cannabis Agency.
tetrahydrocannabinol or THC	one of at least 110 cannabinoids identified in cannabis plants, and the principal psychoactive constituent of cannabis.



IRUA





PRIORITY OFFER APPLICATION FORM

RUA BIOSCIENCE LIMITED INITIAL PUBLIC OFFERING

This Application Form is issued with the Product Disclosure Statement (PDS) dated and prepared as at 25 September 2020 for the Offer of fully paid ordinary shares in Rua Bioscience Limited (Rua). You should read the PDS and Offer Register entry before completing this Application Form. This Application Form represents an offer by you to purchase the number of Shares as specified in section 4 of this Application Form on the terms and conditions set out in the PDS, the Offer Register entry and this Application Form. Any capitalised terms used but not defined in this Application Form have the meaning given to them in the PDS. If you require assistance filling in this Application Form, please contact the Share Registrar on **0800 650 034** or by email to rua@computershare.co.nz. Please also see Section 11 for further instructions on how to complete and deliver this form.

You are encouraged to apply for the Shares online at www.shareoffer.co.nz/rua. If you apply online, you do not need to complete this Application Form. If you choose to apply using this Application Form, your completed Application Form and your payment must be sent to the Share Registrar by email to rua@computershare.co.nz or by post to Computershare Investor Services, Private Bag 92119, Auckland 1142, in order to arrive no later than 5 pm on 13 October 2020 (New Zealand time) (or such other date as Rua determines).

1. ELIGIBILITY FOR THE PRIORITY OFFER

The Priority Offer is only available to Applicants in the following three groups, subject to Rua's discretion to determine any other person as being eligible.

Please choose ONE of the eligibility options below. Please tick the box next to your selected priority group, enter your priority code (if applicable) and please follow the application instructions for your selected priority group.

	Priority group	Application instructions
<input type="checkbox"/> PR 1	A resident at a specific postcode (4000 – 4099) (eligible resident), which you will supply details of in section 2, within the Gisborne District Council region.	Please ensure that you apply with a 4000 – 4099 postcode only.
<input type="checkbox"/> PR 2	A shareholder of Waiapu Investments Limited (WIL).	Please ensure that your application is in the same name and postal address as your shareholding in WIL.
<input type="checkbox"/> PR 3	You have been provided a priority code from Rua.	Please enter your priority code. <div>Priority code:</div>

2. APPLICANT DETAILS – PLEASE PRINT IN BLOCK LETTERS

Please enter all name(s) in full. Applications must be in the names of natural persons, companies or other legal entities, up to a maximum of three names per Application. Applications by trusts, funds, estates, partnerships or other unincorporated bodies must be made in the individual names of the persons who are the trustees (including the corporate or professional trustee company name), proprietors, partners or office bearers (as appropriate).

If, for your own purposes, you want to record that the Applicants hold their Shares on a particular account or for a particular purpose, you can record that in the "Company/Trust/Account Designation". If you are applying on behalf of your children, or some other person in respect of whom you have the required authority, you should complete the Application Form in their name.

This section must be filled out in the name of an individual.

Title and first name(s)		Surname	
Title and first name(s)		Surname	
Title and first name(s)		Surname	
Company/Trust/Account Designation			
If you are applying under PR 1 please identify the name of the eligible resident:			
Postal address	Street address/PO Box		Suburb/Town
	City	Postcode	Country
Telephone	Mobile	Daytime	
<input type="checkbox"/>	Please tick this box if you are an overseas person for the purposes of the Overseas Investment Act 2005.		

3. COMMON SHAREHOLDER NUMBER (CSN)

A CSN is required to trade the Shares on the NZX Main Board once the Offer has closed and Shares have been allotted. If you have a CSN, please supply it in the space provided below. A CSN is a nine digit number. The registered holder name(s) for the CSN must match the name(s) on this Application Form. If the name(s) do not match you will be allocated a new CSN under the name(s) provided on this Application Form. If you do not have a CSN, please leave the space below blank and you will be allocated a CSN and Authorisation Code (FIN) when your Application is received.

If you have a CSN, please enter it here:

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4. APPLICATION AMOUNT AND PAYMENT

Applications must be accompanied by payment in full.

The minimum amount of Shares you can apply for is different for each priority group.

PR 1 (eligible resident) & 2 (WIL shareholder)	The minimum amount of shares you can apply for is 200 (and thereafter in multiples of 200).
PR 3 (priority code)	The minimum amount of shares you can apply for is 2,000 (and thereafter in multiples of 200).

Please complete the boxes below.

I/we apply for:	Number of Shares applied for:	x Issue Price: \$0.50	= Total Application amount: \$
Choose ONE of the PAYMENT options below. Please tick the box next to your selected option.			
<input type="checkbox"/> Option 1	Please make a direct credit payment Pay to: Computershare Investor Services Limited Account number: 01-1839-0926540-011 Email the Application Form and proof of payment to rua@computershare.co.nz Enter the following with your bank deposit: PARTICULARS: Your CSN (if you have one) REFERENCE: Your surname or initial		
<input type="checkbox"/> Option 2	Please find attached my payment by CHEQUE for the dollar amount of Shares applied for above made payable to "Rua Share Offer" and crossed "Not Transferable".		

For other payment options, please get in touch with a representative of Rua.

5. FUTURE DIVIDEND PAYMENT

You may receive dividends from Rua in the future. Please choose ONE of the Dividend Payment options below. Please tick the box next to your selected option.

<input type="checkbox"/> Option 1	<p>Please pay any future dividends into my bank account (details provided below). The bank account provided must be with a New Zealand registered bank.</p> <p>Name of Bank:</p> <p>Account Holder Name:</p> <table><tr><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td></tr><tr><td>Bank</td><td>Branch No.</td><td colspan="4">Account no.</td><td colspan="4">Suffix</td></tr></table>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Bank	Branch No.	Account no.				Suffix			
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>												
Bank	Branch No.	Account no.				Suffix															
<input type="checkbox"/> Option 2	<p>Please pay dividends directly into my Cash Management Account.</p> <p>Name of NZX Firm where Cash Management Account is held:</p> <p>Cash Management Client Account Number:</p> <table><tr><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td></tr></table>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>										
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>												

If you don't choose any Dividend Payment options above, any dividend payment may be withheld until a bank account and account holder name is provided to the Share Registrar.

6. IRD NUMBER

Applicant's IRD number(s):

You **must** provide the IRD number(s) and, for individual Applicant(s), your date(s) of birth. If you are applying on behalf of a minor (under the age of 18) or a dependent, use their IRD number. If the Applicant is a trust, company, partnership or other entity, use that entity's IRD number. Multiple Applications containing the same IRD number may not be accepted, or may be scaled on a differential basis, at Rua's discretion.

Please complete the boxes below.

Applicant:		Date of birth:		IRD:	<input type="text"/>	<input type="text"/>	<input type="text"/>	—	<input type="text"/>	<input type="text"/>	<input type="text"/>	—	<input type="text"/>	<input type="text"/>	<input type="text"/>
Applicant:		Date of birth:		IRD:	<input type="text"/>	<input type="text"/>	<input type="text"/>	—	<input type="text"/>	<input type="text"/>	<input type="text"/>	—	<input type="text"/>	<input type="text"/>	<input type="text"/>
Applicant:		Date of birth:		IRD:	<input type="text"/>	<input type="text"/>	<input type="text"/>	—	<input type="text"/>	<input type="text"/>	<input type="text"/>	—	<input type="text"/>	<input type="text"/>	<input type="text"/>

Resident withholding tax (**RWT**) will be deducted from any dividends paid to the Shareholder (unless you provide a valid RWT exemption certificate).

<input type="checkbox"/> Exempt	Please tick this box if you hold an RWT exemption from the IRD (please note this will be electronically verified).
<input type="checkbox"/>	Please tick this box if you are a non-resident for New Zealand tax purposes under the Income Tax Act 2007. You will be treated as a New Zealand tax resident unless this box is ticked.

7. ELECTRONIC COMMUNICATIONS

I agree to receive Shareholder communications via email (optional):

Please enter your email address below if you agree to receive all Shareholder communications where applicable (including notification of the availability of annual reports and interim reports, transaction statements, payment advices, meeting documents and any other company related information) by email.

Email:

8. SIGNATURE

This Application Form must be signed by, or on behalf of, each Applicant. If the Applicant is a company or other entity, it should be signed by a duly authorised person in accordance with any applicable constitution or governing document. If the Applicant is a minor (under the age of 18), the parent or legal guardian should sign the Application Form on the Applicant's behalf.

Signature of applicant:	Signature of applicant:	Signature of applicant:
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Terms and Conditions: By signing this Application Form, I/we hereby:

- acknowledge that I/we have received, read and understood the PDS and the applicable overseas selling restrictions contained in the PDS and the Offer Register;
- apply for the Shares specified in section 4 above (or such less number as may be allocated to me/us) on, and subject to, the terms and conditions set out in the PDS, the Offer Register and this Application Form, and I/we agree to be bound by the provisions thereof;
- declare that all details and statements made by me/us in this Application Form are complete and accurate, and acknowledge and agree that if I/we have made a misrepresentation or made a false declaration, Rua may cancel the issuance of Shares to me/us under the Offer and that I/we may be required to sell Shares held by me/us;
- certify that, where information is provided by me/us in this Application Form about another person, I/we are authorised by such person to disclose the information to Rua and to give authorisation;
- acknowledge that an application cannot be withdrawn or revoked once it has been submitted;
- acknowledge that Rua reserves the right to decline any application, in whole or in part, without giving any reason;
- agree to indemnify Rua and its directors, officers, employees and agents in respect of any liability incurred by those parties as a result of my/our breaching of the selling restrictions described in the PDS or the Offer Register; and
- consent to the use of my/our personal information in accordance with the privacy policy set out in Section 11 of the PDS.

Certificate of non-revocation of power of attorney

(Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney)		
I,		(full name)
of		(place and country of residence)
		(occupation), certify
That by deed dated		(date of instrument creating the power of attorney)
		(full name of person/body corporate which granted the power of attorney)
of		(place of residence of person/body corporate which granted the power of attorney)*, and either:
OPTION A: appointed me		(his/her/its) attorney; or
OPTION B: appointed as attorney		(full name of body corporate holding power of attorney), and I am authorised to give this certificate on its behalf. The capacity in which I give this certificate for the attorney is as
		(director, officer, or other capacity);
That I have executed the Application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and		
That I have not received any notice of any event or information revoking the power of attorney, or if the Applicant is a body corporate, that to the best of my knowledge and belief no such notice has been received by the body corporate holding the power of attorney or by any employee or agent of that body corporate.		
Date:		
Signature of attorney:		
Signed at:		

Certificate of non-revocation of power of agent

(Complete this section if you are acting as agent on behalf of the Applicant on this Application Form)		
I,		(full name)
of		(place and country of residence)
		(occupation), certify
That by the agency agreement dated		(date of instrument creating the agency)
		(full name of person/body corporate which appointed you as agent)
of		(place of residence of person/body corporate which appointed you as agent)*, and either:
OPTION A: appointed me		(his/her/its) agent; or
OPTION B: appointed as agent		(full name of body corporate appointed as agent), and I am authorised to give this certificate on its behalf. The capacity in which I give this certificate for the agent is as
		(director, officer, or other capacity);
That I have executed the Application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and		
That I have not received any notice of any event or information revoking my appointment as agent, or if the Applicant is a body corporate, that to the best of my knowledge and belief no such notice has been received by the body corporate holding the appointment as agent or by any employee or agent of that body corporate.		
Date:		
Signature of agent:		
Signed at:		

* If the Applicant is a body corporate, state the place of the registered office or the principal place of its business.



BROKER FIRM OFFER APPLICATION FORM

RUA BIOSCIENCE LIMITED INITIAL PUBLIC OFFERING

BROKERS STAMP

ADVISOR'S CODE

This Application Form is issued with the Product Disclosure Statement (PDS) dated and prepared as at 25 September 2020 for the Offer of fully paid ordinary shares in Rua Bioscience Limited (Rua). You should read the PDS and Offer Register entry before completing this Application Form. This Application Form represents an offer by you to purchase the number of Shares as specified in section 3 of this Application Form on the terms and conditions set out in the PDS, the Offer Register entry and this Application Form. Any capitalised terms used but not defined in this Application Form have the meaning given to them in the PDS. If you require assistance filling in this Application Form, please contact the Share Registrar on **0800 650 034** or **by email to rua@computershare.co.nz**. Please also see Section 11 for further instructions on how to complete and deliver this form.

Your completed Application Form and your payment must be sent to your NZX Firm that notified you of your allocation in time for your Application to be forwarded to the Share Registrar no later than 5 pm on 16 October 2020 (New Zealand time) (or such other date as Rua determines).

1. APPLICANT DETAILS – PLEASE PRINT IN BLOCK LETTERS

Please enter all name(s) in full. Applications must be in the names of natural persons, companies or other legal entities, up to a maximum of three names per Application. Applications by trusts, funds, estates, partnerships or other unincorporated bodies must be made in the individual names of the persons who are the trustees (including the corporate or professional trustee company name), proprietors, partners or office bearers (as appropriate).

If, for your own purposes, you want to record that the Applicants hold their Shares on a particular account or for a particular purpose, you can record that in the "Company/Trust/Account Designation". If you are applying on behalf of your children, or some other person in respect of whom you have the required authority, you should complete the Application Form in their name.

The Broker Firm Offer is open to New Zealand resident retail clients of NZX Firms who have received an allocation from their NZX Firm. You should contact an NZX Firm to determine whether they may offer Shares to you under the Broker Firm Offer.

Title and first name(s)		Surname	
Title and first name(s)		Surname	
Title and first name(s)		Surname	
Company/Trust/Account Designation			
Postal address	Street address/PO Box		Suburb/Town
	City	Postcode	Country
Telephone	Mobile	Daytime	
<input type="checkbox"/>	Please tick this box if you are an overseas person for the purposes of the Overseas Investment Act 2005.		

2. COMMON SHAREHOLDER NUMBER (CSN)

A CSN is required to trade the Shares on the NZX Main Board once the Offer has closed and Shares have been allotted. If you have a CSN, please supply it in the space provided below. A CSN is a nine digit number. The registered holder name(s) for the CSN must match the name(s) on this Application Form. If the name(s) do not match you will be allocated a new CSN under the name(s) provided on this Application Form. If you do not have a CSN, please leave the space below blank and you will be allocated a CSN and Authorisation Code (FIN) when your Application is received.

If you have a CSN, please enter it here:

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I/we apply for:	Number of Shares applied for:	x Issue Price: \$0.50	= Total Application amount: \$
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6. ELECTRONIC COMMUNICATIONS

I agree to receive Shareholder communications via email (optional):

Please enter your email address below if you agree to receive all Shareholder communications where applicable (including notification of the availability of annual reports and interim reports, transaction statements, payment advices, meeting documents and any other company related information) by email.

Email:

7. SIGNATURE

This Application Form must be signed by, or on behalf of, each Applicant. If the Applicant is a company or other entity, it should be signed by a duly authorised person in accordance with any applicable constitution or governing document. If the Applicant is a minor (under the age of 18), the parent or legal guardian should sign the Application Form on the Applicant's behalf. If you elect to pay a one-time direct debit, you should ensure that the signatories are consistent with your bank authorities.

Signature of applicant:

Signature of applicant:

Signature of applicant:

Terms and Conditions: By signing this Application Form, I/we hereby:

- acknowledge that I/we have received, read and understood the PDS and the applicable overseas selling restrictions contained in the PDS and the Offer Register;
- apply for the Shares specified in section 3 above (or such less number as may be allocated to me/us) on, and subject to, the terms and conditions set out in the PDS, the Offer Register and this Application Form, and I/we agree to be bound by the provisions thereof;
- declare that all details and statements made by me/us in this Application Form are complete and accurate, and acknowledge and agree that if I/we have made a misrepresentation or made a false declaration, Rua may cancel the issuance of Shares to me/us under the Offer and that I/we may be required to sell Shares held by me/us;
- certify that, where information is provided by me/us in this Application Form about another person, I/we are authorised by such person to disclose the information to Rua and to give authorisation;
- acknowledge that an application cannot be withdrawn or revoked once it has been submitted;
- acknowledge that Rua reserves the right to decline any application, in whole or in part, without giving any reason;
- agree to indemnify Rua and its directors, officers, employees and agents in respect of any liability incurred by those parties as a result of my/our breaching of the selling restrictions described in the PDS or the Offer Register; and
- consent to the use of my/our personal information in accordance with the privacy policy set out in Section 11 of the PDS.

Certificate of non-revocation of power of attorney

(Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney)		
I,		(full name)
of		(place and country of residence)
		(occupation), certify
That by deed dated		(date of instrument creating the power of attorney)
		(full name of person/body corporate which granted the power of attorney)
of		(place of residence of person/body corporate which granted the power of attorney)*, and either:
OPTION A: appointed me		(his/her/its) attorney; or
OPTION B: appointed as attorney		(full name of body corporate holding power of attorney), and I am authorised to give this certificate on its behalf. The capacity in which I give this certificate for the attorney is as
		(director, officer, or other capacity);
That I have executed the Application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and		
That I have not received any notice of any event or information revoking the power of attorney, or if the Applicant is a body corporate, that to the best of my knowledge and belief no such notice has been received by the body corporate holding the power of attorney or by any employee or agent of that body corporate.		
Date:		
Signature of attorney:		
Signed at:		

Certificate of non-revocation of power of agent

(Complete this section if you are acting as agent on behalf of the Applicant on this Application Form)		
I,		(full name)
of		(place and country of residence)
		(occupation), certify
That by the agency agreement dated		(date of instrument creating the agency)
		(full name of person/body corporate which appointed you as agent)
of		(place of residence of person/body corporate which appointed you as agent)*, and either:
OPTION A: appointed me		(his/her/its) agent; or
OPTION B: appointed as agent		(full name of body corporate appointed as agent), and I am authorised to give this certificate on its behalf. The capacity in which I give this certificate for the agent is as
		(director, officer, or other capacity);
That I have executed the Application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and		
That I have not received any notice of any event or information revoking my appointment as agent, or if the Applicant is a body corporate, that to the best of my knowledge and belief no such notice has been received by the body corporate holding the appointment as agent or by any employee or agent of that body corporate.		
Date:		
Signature of agent:		
Signed at:		

* If the Applicant is a body corporate, state the place of the registered office or the principal place of its business.

