



AROA BIOSURGERY COMMENCES TRADING ON THE ASX

HIGHLIGHTS

- Aroa lists on the ASX today after raising \$45m at \$0.75/share with an indicative market capitalisation of A\$225m under the code ARX
 - The Company has a range of five products that have been used in more than four million procedures to date, focused on improving the rate and quality of healing in complex wounds and soft tissue reconstruction
 - Existing and new product pipeline focused on US\$2.5b² total addressable market opportunity in the USA – established distribution with sales in more than 600 hospitals
 - Aroa's leading products are covered by a patent portfolio that includes 10 patents and 25 pending patent applications across six patent families
 - NZ\$22m in product revenue FY20 (ending 31 March 2020) and EBITDA positive¹
 - Clinically proven with peer reviewed publications and regulatory approval in 37 countries
 - IPO was met with very high demand from new and existing shareholders spanning institutional, professional and retail investors
 - Existing institutional shareholders subscribed for approximately half of the capital raised in the IPO
 - The IPO was underwritten by Bell Potter and Wilsons as Joint Lead Managers
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Soft tissue regeneration company Aroa Biosurgery Limited (ASX:ARX, 'Aroa' or the 'Company') commences trading on the Australian Securities Exchange (ASX) today following the completion of an initial public offering (IPO) that raised \$45m from investors.

The offer was comprised of A\$30m of primary capital through the issue of 40 million new shares at \$0.75, with the remaining A\$15m forming part of a limited sell down by early investors in the company. The IPO values Aroa at A\$225m upon listing.

The IPO received extraordinary support from institutional investors across Australia, New Zealand and other overseas markets, as well as a strong vote of confidence from existing shareholders who subscribed for approximately half of the funds raised.

Aroa is focused on improving the rate and quality of healing in complex wounds and soft tissue reconstruction. From more than 10 years of research and development Aroa has developed Endoform®, a proprietary soft tissue regeneration technology platform.

Endoform® is derived from ovine (sheep) forestomach and includes a basement membrane layer and propria-submucosa (supportive connective tissue). It acts as a scaffold to grow new tissue lost or damaged through disease or injury, allowing the patient's own cells to grow into the matrix to build new tissue and re-establish blood supply. As the patient continues to heal this is replaced by their own tissue.

The Company lists on the ASX having achieved product revenue of NZ\$22.0m in FY2020 (March year-end) and NZ\$18.7m in gross profit. The Company was also EBITDA positive during this period¹.

Aroa has five commercial products approved for sale in the US based on the Endoform® technology, which have been used in more than four million procedures targeting chronic wounds, hernia, soft tissue and breast reconstruction. This is in addition to a new product development pipeline, with all products engineered for the challenges of a specific use case.

Aroa's products are typically 20%-60% less expensive than competing biological products, while offering superior regenerative performance, and in many cases are only at a small price premium over synthetic products.

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Its success in market comes off the back of validation from peer reviewed publications as well as past and ongoing clinical studies. Aroa has regulatory clearance in more than 37 countries and a deep patent portfolio.

The total addressable market for its current products exceeds US\$1.5 billion² in the US, with an additional pipeline of new products to be commercialised with a total addressable market estimated to be more than US\$1.0 billion².

The Company plans to grow its sales within its principal market of the United States as well as in other markets such as Canada, Europe and select Asian countries where it has made early inroads. To date it has achieved sales with more than 600 hospitals in the US as well as being on contract with major group purchasing organisations and surgical distributors.

Aroa employs 140 people across its headquarters in Auckland, its USA operations in San Diego and its USA-based Appulse sales office, a sales-focused joint venture.

Another key distribution channel for Aroa is via NASDAQ listed partner TELA Bio Inc., a company dedicated to sales and distribution of Aroa products across its 200 active hospital accounts in the USA. During 2020 TELA Bio expects to expand to 60 employees to cover the top 500 hospitals for soft tissue reconstruction in the USA.

Funds raised in the IPO will be used to invest in sales and marketing, increase manufacturing capacity to meet anticipated demand and facilitate product development, working capital and repay borrowings.

Bell Potter Securities and Wilsons were Joint Lead Managers to the IPO.

“We’re delighted to reach this key milestone for the business and eagerly welcome our new shareholders to the journey. Since founding Aroa in 2008 we’ve developed the Endoform® platform technology to deliver clinically effective products and a strong pipeline which places the business in an ideal position for continued growth across the US and other global markets,” said Aroa Founder and CEO Brian Ward.

“Our proprietary technology combines advanced regenerative performance with scalable and efficient manufacturing, to target significant addressable markets with a substantial competitive advantage.

“With our committed board, management and staff, we look forward to continuing to grow the value of Aroa, deliver better healing outcomes to patients and generate positive returns for our shareholders.”

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¹ Positive EBITDA based on proforma financials

² SmartTRAKBiomedGPS data 2020, DRG Millennium Research data, Hernia Repair Devices, 2020, Aroa management estimates, DRG Millennium Research, Breast Implants & Reconstructive devices, 2018. Market data was prepared before the onset of COVID-19, the economic effect of which is currently not possible to predict with any certainty. Consequently, while the Company has no reason to believe that the market data does not remain accurate based on the relevant markets operating normally, the impact of COVID-19 on the market data that is referenced is not possible to currently predict with any certainty and investors are cautioned against placing undue reliance on such data.

Authorised on behalf of the Aroa Biosurgery Board of Directors by Brian Ward, CEO.

About Aroa Biosurgery:

Aroa Biosurgery is a soft-tissue regeneration company that develops, manufactures, sells and distributes medical and surgical products to improve healing in complex wounds and soft tissue reconstruction. Committed to ‘unlocking regenerative healing for everybody’, its products are developed from the Company’s proprietary Endoform® technology platform, a novel extracellular matrix biomaterial derived from ovine (sheep) forestomach. Clinically proven with peer reviewed publications, Aroa’s products have been used in more than four million procedures to date, with distribution into its key market of the United States by Appulse and Tela Bio.

Founded in 2008, Aroa is headquartered in Auckland, New Zealand and is listed on the Australian Securities Exchange (ASX:ARX). www.aroabio.com/

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