



AROA UPDATE – RECOVERY FROM COVID-19 TRACKING AHEAD OF EXPECTATIONS

HIGHLIGHTS

- As previously advised, H1FY21 revenue was negatively impacted as a result of disruptions due to COVID-19
 - Notwithstanding, CY20 YTD (to 31 August 2020) revenue was down by only 9% compared to the corresponding period in CY19
 - With easing of COVID-19 restrictions, the Company now expects to deliver positive revenue growth on H2FY20 (NZ\$11.9m) in H2FY21 based on the absence of further disruptions
 - Focus continues to be on driving adoption of Aroa’s growing product portfolio within existing accounts
 - Reimbursement application submitted for Symphony following FDA clearance in July 2020
 - The Company will provide more details in its September Quarterly Report, to be released prior to end of October 2020
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Soft tissue regeneration company Aroa Biosurgery Limited (ASX:ARX, ‘Aroa’ or the ‘Company’) is pleased to provide a company update as it continues to see a recovery in its sales which were impacted by the COVID-19 pandemic in the June quarter.

As outlined in Aroa’s IPO prospectus and subsequent announcements to the ASX, the Company experienced a slowdown in sales from late March 2020 as a result of the pandemic. The recovery from the COVID-19 downturn has exceeded Aroa’s internal expectations, with CY20 YTD product revenue at the end of August only 9% lower than the same stage in CY2019. While elective surgeries for Ovitex products were initially impacted by lower procedural volumes, there has since been a solid recovery. The wound care business (Endoform) which was less impacted is also improving.

As the Company enters H2FY21 in October, with an increasing number of hospitals implementing public health measures to allow elective surgery, a backlog of patients requiring procedures and further reopening of the economy, sales are expected to strengthen in the United States. The Company is optimistic it will deliver growth on H2FY20 performance, when H2FY20 product revenue was NZ\$11.9 million. The drivers of this growth are expected to include improving momentum with all products and increased penetration within existing accounts, where there is good scope for increased sales in the short to medium term.

In addition to the existing Appulse and Aroa direct sales teams, Aroa has now added a further 15 independent sales representatives (paid commission only) in the United States who are focusing on sales of Myriad, the dermal reconstruction product which launched at the beginning of the calendar year and opens up a US\$200m total addressable market. As hospital access improves on a state by state basis, sales activities are cautiously ramping up.

Aroa Chief Executive Brian Ward said: “The outlook for the Company is increasingly positive moving forward. While there was an initial impact on our business due to COVID-19 in the June quarter, it was an industry-wide issue, and we now feel that the worst is behind us. We’re starting to see month-by-month improvement and expect this to continue.

“There’s a lot of opportunity ahead of us. The fundamentals of our business remain strong and we are well positioned to execute on our strategy over the next 12 months and deliver strong growth over the long term.”

Aroa’s manufacturing and distribution activities continue uninterrupted. The Company has also recently submitted its reimbursement application for its Symphony product targeting complex wounds and limb salvage (>US\$1 billion total addressable market), which received FDA clearance in late July 2020.

The Company will release its September Quarterly Report by the end of October with further details and commentary.

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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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