

A photograph of three surgeons in an operating room, wearing blue scrubs, masks, and surgical caps. They are focused on a patient lying on the table, with various medical instruments and equipment visible in the background. The scene is brightly lit, and the overall tone is professional and clinical.

# AROABIOSURGERY (ARX)

## HALF YEAR UPDATE

## NOVEMBER 2022

Unlocking regenerative healing for everybody



# Important Notice and Disclaimer

This presentation (**Presentation**) is dated 29 November 2022 and has been prepared by Aroa Biosurgery Ltd, New Zealand company number 1980577, ARBN 638 867 473 (**AROA** or the Company).

## Information in this Presentation

The information in this Presentation is of a general background nature, is in summary form and does not purport to be complete. It does not contain all information relevant or necessary for an investment decision or that would be required to be included in a prospectus or other disclosure document under the Corporations Act for an offer of securities in Australia or in any other jurisdiction. The content of this Presentation is provided as at the date of this Presentation (unless otherwise stated). Except as required by applicable law, AROA does not plan to publicly update or revise any information contained in, or provided with, this Presentation whether as a result of any new information, future events, changed circumstances or otherwise.

## Not a prospectus or an offer of securities

This Presentation is not a prospectus or any other offering document under Australian law (and will not be lodged with the Australian Securities Investments Commission or with ASX Limited (ASX) as such) or under the law of any other jurisdiction in which an offer of securities may be received. Nothing in this Presentation should be construed as an invitation, offer or recommendation of securities in AROA (or any of its subsidiaries) for subscription, purchase or sale in any jurisdiction.

## Future performance

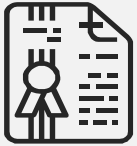
Past performance information in this Presentation is given for illustrative purposes only and should not be relied upon (and is not) an indication of future performance. The Presentation contains certain "forward-looking statements". The words "forecast", "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, as is the 'Catalysts' section in this Presentation. These statements are based on current expectations and assumptions regarding AROA's business and performance, the economy and other circumstances. As with any projection or forecast, forward-looking statements in this Presentation are inherently uncertain and susceptible to changes in circumstances. Opinions may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Actual results, performance or achievements may differ materially from those expressed or implied in forward looking statements and statements of opinion. In particular, the market data referenced in this Presentation was prepared before the onset of COVID-19, the economic effect of which is currently not possible to predict with any certainty. While the Company has no reason to believe that the markets to which the data relates will not return to the operating levels experienced before COVID-19, the impact of COVID-19 (if any) on the market data referenced is not possible to currently predict with any certainty and investors are cautioned against placing undue reliance on such data.

## IP notice

AROA, Aroa Biosurgery, AROA ECM, Endoform, Myriad, Myriad Matrix, Myriad Morcells, Myriad Ultra, Symphony and Enivo are trademarks of Aroa Biosurgery Limited. All other trademarks are properties of their respective owners. ©2022 Aroa Biosurgery Limited

# AROA at a Glance

Well established high-growth soft tissue regeneration company



## Four product families

predominantly sold to US hospitals



## AROA ECM™ platform

for new products, line extensions & enables AROA's tissue apposition platform



## > US\$2.5b<sup>2</sup> TAM

for existing products



## US Direct (AROA) & Commercial partner (TELA Bio™) sales



## 5.6 million+

AROA products applied in treating patients



## > 40

Peer Reviewed Publications



## Regulatory Approvals

in 50 countries



## Enivo™ Tissue Apposition Platform



## > 245

personnel<sup>3</sup>

1. Unaudited

2. SmartTRAK BiomedGPS 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.

3. AROA NZ & US employees.

# H1 FY23 Half Year Results<sup>1</sup>



## Product Sales NZ\$28.8m

44% constant currency<sup>2</sup>  
growth on pcg



## Myriad™ sales NZ\$5.6m

242% constant currency  
growth on pcg



## Product Gross Margin 84%

6% constant currency growth on  
pcg



## Normalised<sup>4</sup> EBITDA positive



## FOREX tail winds

positive contribution  
(~NZ\$3.4m) to  
performance

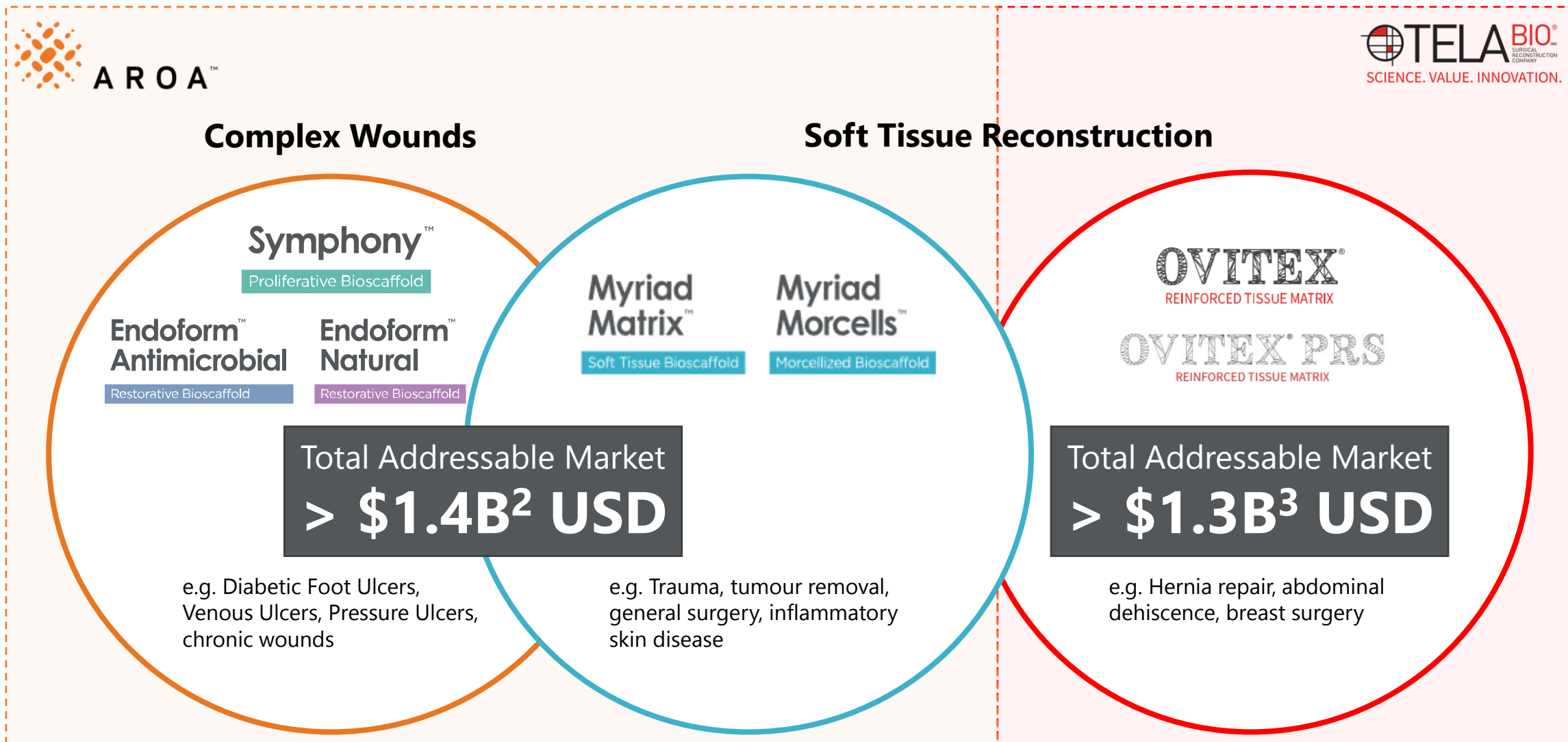


## Cash balance NZ\$50.1m<sup>5</sup>

1. Unaudited.
2. Constant currency removes the impact of exchange rate movements. This approach is used to assess the AROA group's underlying comparative financial performance without any distortion from changes in foreign exchange rates, specifically the USD. Prior to 25 October 2022, references to 'constant currency' in relation to AROA's FY23 results utilised an exchange rate of US\$0.70/NZ\$1.00 (being the AROA group's then budget rate for FY23). Due to the material impact of significant movement in the actual US\$/NZ\$ exchange rate to date, AROA has revised the rate used in its constant currency analysis to US\$0.62/NZ\$1.00 (being approximately the AROA group's average US\$/NZ\$ exchange rate for H1 FY23). All references in this presentation to constant currency are as set out in this footnote.
3. FY23 Product Gross Margin % guidance was 77%, on the basis of a constant currency exchange rate of US\$0.70/NZ\$1.00 (compared to the revised constant currency exchange rate of US\$0.62/NZ\$1.00). The revised currency rate has contributed to approximately 3% of the increase in product gross margin % compared to previous guidance.
4. Normalised EBITDA is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the AROA Group's ("Group") comparative financial performance without any distortion from NZ GAAP accounting treatment specific to one-off fair value adjustments, one-off transaction costs associated with capital raisings. The impact of non-cash share-based payments expense has also been removed from the Profit or Loss. This approach is used by Management and the Board to assess the Group's comparative financial performance.
5. As at 30 September 2022.



# Substantial Growth Opportunities > \$2.5B<sup>1</sup> TAM



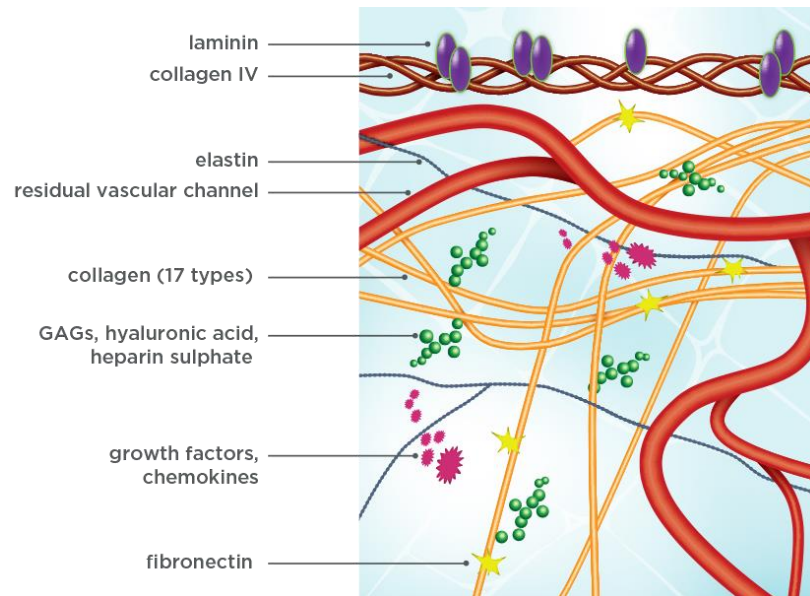
1. SmartTRAK BiomedGPS data 2020; DRG Millennium Research data; Hernia Repair Devices, 2020, AROA management estimates; DRG Millennium Research, Breast Implants & Reconstructive devices, 2018.

2. SmartTRAK BiomedGPS data 2020. Aroa management estimates.

3. DRG Millennium Research data; Hernia Repair Devices, 2020. DRG Millennium Research, Breast Implants & Reconstructive devices, 2018.

# AROA ECM – Structure & Biology for Regenerative Healing

Unique Extracellular Matrix (ECM) derived from ovine forestomach with proven tissue regeneration properties across multiple products<sup>1-6</sup>



78

PRESENTATIONS /  
PUBLICATIONS

Endoform™

18

PRESENTATIONS /  
PUBLICATIONS

Myriad™

27

PRESENTATIONS /  
PUBLICATIONS

REINFORCED BIOSCAFFOLD  
OVITEX®



✓ Rapid formation of well vascularized and functional tissue<sup>1,2</sup>



✓ Tolerated a contaminated field and resistant to infection<sup>3-5</sup>



✓ No negative inflammatory response reported<sup>2-5</sup>

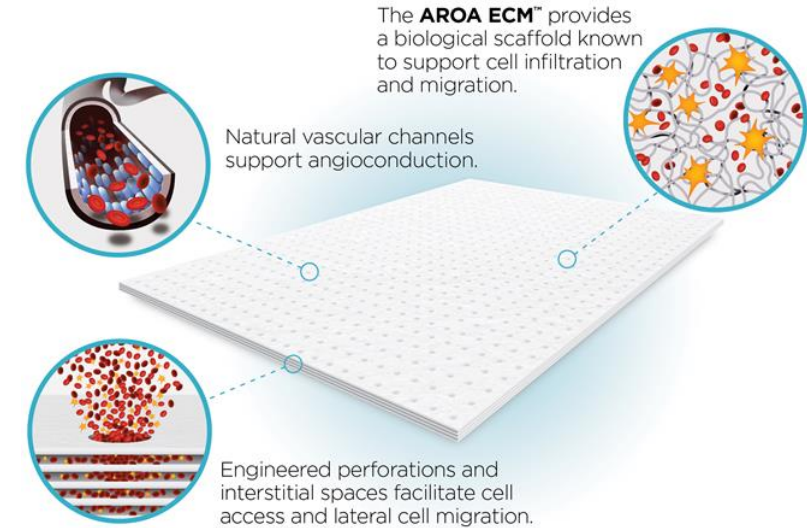


✓ Reduced surgical complexity<sup>4-6</sup>

1. Irvine, S. M., et al. (2011). "Quantification of in vitro and in vivo angiogenesis stimulated by ovine forestomach matrix biomaterial." *Biomaterials* 32(27): 6351-6361. 2. Bohn, G. A. and A. E. Chaffin (2020). "Extracellular matrix graft for reconstruction over exposed structures: a pilot case series." *J Wound Care* 29(12): 742-749. <https://www.magonlinelibrary.com/doi/full/10.12968/jowc.2020.29.12.74217>. 3. Parker, M. J., R. C. Kim, M. Barrio, J. Socas, L. R. Reed, A. Nakeeb, M. G. House and E. P. Ceppia (2020). "A novel biosynthetic scaffold mesh reinforcement affords the lowest hernia recurrence in the highest-risk patients." *Surg Endosc* 35(9): 5173-5178. 4. Chaffin A et al. Surgical reconstruction of pilonidal sinus disease with concomitant extracellular matrix graft placement: a case series. *Journal of Wound Care*; Vol 30, No. 7, July 2021. <https://www.magonlinelibrary.com/doi/full/10.12968/jowc.2021.30.Sup7.S28>. 5. Chaffin, A. E. and M. C. Buckley (2020). "Extracellular matrix graft for the surgical management of Hurley stage III hidradenitis suppurativa: a pilot case series." *J Wound Care* 29(11): 624-630. <https://www.magonlinelibrary.com/doi/full/10.12968/jowc.2020.29.11.624>. 6. Desvigne, M. N., K. Bauer, K. Holifield, K. Day, D. Gilmore and A. L. Wardman (2020). "Case Report: Surgical Closure of Chronic Soft Tissue Defects Using Extracellular Matrix Graft Augmented Tissue Flaps." *Frontiers in Surgery* 7(173). <https://www.frontiersin.org/articles/10.3389/fsurg.2020.559450/full>

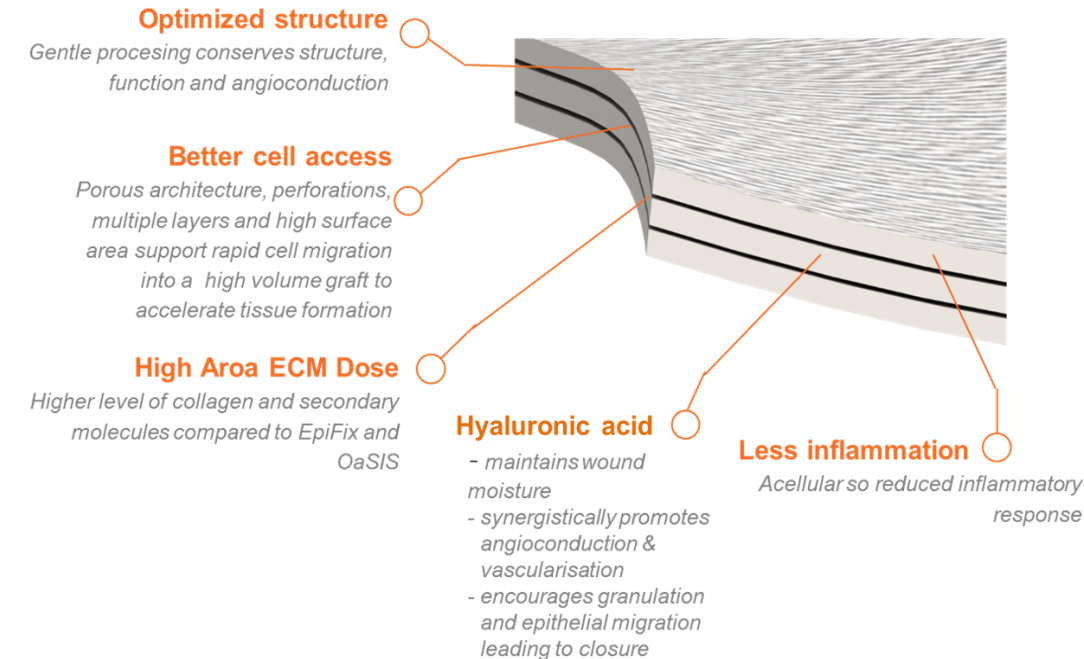
# Myriad

- ✓ **Ongoing field salesforce expansion:** 35 targeting ~41 by end of FY23.
- ✓ **Salesforce productivity:** positive operational trends with anticipated gains from line extensions & Symphony launch.
- ✓ **Myriad - MASTRR Clinical Registry:** 97 patients recruited, 3 sites - targeting 300 patients & 10 sites over a three-year period.
- ✓ **Target procedures:** growing use in trauma, NSTI's, open abdomens, NSTI's & pressure injuries.
- ✓ **Myriad line extensions:** Myriad Morcells (fine) Apr '23.



# Symphony

- ✓ **Disruptive US reimbursement changes proposed for 'Skin Substitutes' from CY24:**<sup>1</sup> Draft changes include moving to site-neutral fixed payment, incentives to favor products with high efficacy at a reasonable price & fewer applications during an episode of care. Following public consultation, changes have been postponed until CY24 to allow more time for further consultation.
- ✓ **US reimbursement coding & coverage:** Symphony assigned new "A" code with LCD coverage from major Medicare Administrative Contractors (Novitas, First Coast & CGS).<sup>2</sup>
- ✓ **Full Launch Apr '23:** After positive early clinical experience in Veterans Affairs over last six months.
- ✓ **Randomised Control Trial:** 120 patient multi-centre prospective study vs. standard of care.
- ✓ **Symphony and Endoform combination Study:** 50 patient multi-centre prospective study vs retrospective published data.



1. See <https://www.federalregister.gov/public-inspection/2022-14562/medicare-and-medicaid-programs-calendar-year-2023-payment-policies-under-the-physician-fee-schedule> and <https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2023-medicare-physician-fee-schedule-final-rule>.

2. Representing three of the seven Medicare Administrative Contractors.



# OviTex & OviTex PRS

- ✓ **OviTex, OviTex LPR & PRS continue to gain momentum:** TELA Bio™ sales guidance of US\$42-45m in CY22 up from US\$29.5m in CY21.<sup>1</sup>
- ✓ **Bravo I (ventral hernia):** 92 enrolled patients, 2.6% recurrence rate in ventral hernias at 24-months.<sup>2</sup>
- ✓ **ReBAR (robotic ):** 157 inguinal hernia repairs, 1.9% recurrence rate at 24-months.<sup>2</sup>
- ✓ **Ongoing innovation:** OviTex, OviTex LPR & OviTex PRS.



OviTex® is a thicker product comprised of multiple AROA ECM sheets with reinforcement from embroidered permanent (polypropylene) or temporary (PGA) synthetic polymers.

1. TELA Bio, Inc. press release dated 9 November 2022.  
2. TELA Bio, Inc. press release dated 4 August 2022.

# Endoform

- ✓ **Modest growth:** serviced by virtual inside sales team.
- ✓ **Clinical evidence:** Targeting completion of Venous Leg Ulcer real-world study by Mar '23.

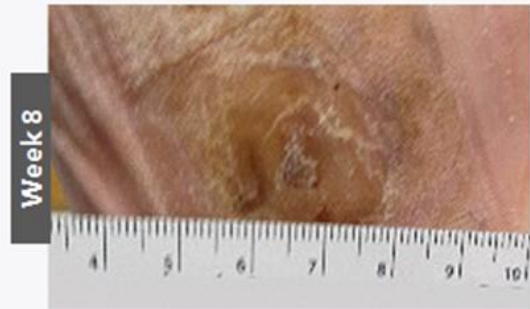


Endoform Natural is a single layer of the Aroa ECM.



Endoform Antimicrobial a single layer of Aroa ECM with 0.3% ionic silver embedded to provide broad spectrum antimicrobial activity

## Endoform Natural in a Diabetic Foot Ulcer



# Enivo

- ✓ **US FDA 510k:** submitted Nov '22.
- ✓ **Pre-clinical model demonstrates efficacy potential:** Peer-reviewed publication Oct '22.<sup>1</sup>
- ✓ **Set-up for pilot clinical study:** 10 patients in Mastectomy H1 CY23.
- ✓ **Platform technology for a family of new products:** partially removable and resorbable implants, variety of formats for different anatomical sites/procedures.



1. <https://www.hmpgloballearningnetwork.com/site/eplasty/original-research/evaluation-tissue-apposition-and-seroma-prevention-ovine-model>.

# FY23 Guidance<sup>1</sup>



## Forecast Product Sales

**NZ\$60-62m<sup>2</sup>**

Total revenue of NZ\$62-64m



## Forecast Product Gross Margin

**84%**



## Normalised EBITDA<sup>3</sup>

**~breakeven**



## Cash Balance

**~NZ\$50m**

1. Given the dynamic and evolving impact of COVID-19, all forward looking statements in relation to FY23 performance are subject to there being no material decline in US medical procedure numbers or sustained disruption to AROA's manufacturing or transportation activities and TELA Bio, Inc. delivering on its revenue guidance of US\$42-45 million in CY22. It assumes an average exchange rate of US\$0.62/NZ\$1.00.
2. Prior FY23 product revenue guidance was NZ\$51-55 million, on the basis of a constant currency exchange rate of US\$0.70/NZ\$1.00. At that rate, current product revenue guidance represents approximately NZ\$53 – 55 million.
3. Normalised EBITDA is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the AROA Group's ("Group") comparative financial performance without any distortion from NZ GAAP accounting treatment specific to one-off fair value adjustments, one-off transaction costs associated with capital raisings. The impact of non-cash share-based payments expense has also been removed from the Profit or Loss. This approach is used by Management and the Board to assess the Group's comparative financial performance.



# FY23 Catalysts & Milestones



## Post-COVID

COVID-19 expected to have a reduced impact for remainder of FY23



## AROA Sales Momentum

Fully dedicated field sales team. Myriad expected to drive growth



## Symphony Product Launch

Disruptive potential reimbursement changes, clinical outcomes & cost savings expected to drive increasing adoption



## TELA Bio Sales Momentum

Clinical outcomes & cost savings driving increasing adoption



## Enivo

Pre-clinical data, FDA regulatory submission, initiate pilot clinical study

# CONTACTS

## **Simon Hinsley**

Investor Relations  
m +61 401 809 653  
shinsley@aroabio.com

## **Matt Wright**

Media  
m +61 451 896 420  
matt@nwrcommunications.com.au

## **Sarah Tora**

Corporate Communications Manager  
m +64 21 531 043  
sarah.tora@aroabio.com

Visit our website [www.aroabio.com](http://www.aroabio.com) and find us on LinkedIn at [www.linkedin.com/company/aroa-biosurgery-limited/](http://www.linkedin.com/company/aroa-biosurgery-limited/)

---

64 Richard Pearse Drive,  
Auckland 2022, New Zealand

PO Box 107111, Auckland Airport, Auckland 2150,  
New Zealand