

A photograph of three surgeons in a sterile operating room, wearing blue scrubs, masks, and surgical caps. They are focused on a patient lying on the operating table. The room is brightly lit with overhead surgical lights. Medical equipment, including a monitor and a large camera system, is visible in the background.

AROA BIOSURGERY (ARX)

QUARTERLY UPDATE

JANUARY 2023

Unlocking regenerative healing for everybody



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Quarterly cash flow

- ✓ Cash receipts from customers of NZ\$17.1 million during the quarter.
- ✓ Net cash inflow from operations of NZ\$0.2 million for the quarter.
- ✓ Net cash outflow from investing activities was NZ\$2.0 million for the quarter, reflecting AROA's investment into plant & equipment for additional manufacturing capacity.
- ✓ AROA ended the quarter with a strong cash balance of NZ\$48.3 million as at 31 December 2022.



Guidance¹



Forecast Product Revenue

NZ\$60-62m

Total revenue of NZ\$62-64m



Forecast Product Gross Margin

84%



Normalised EBITDA²

~breakeven



Cash Balance

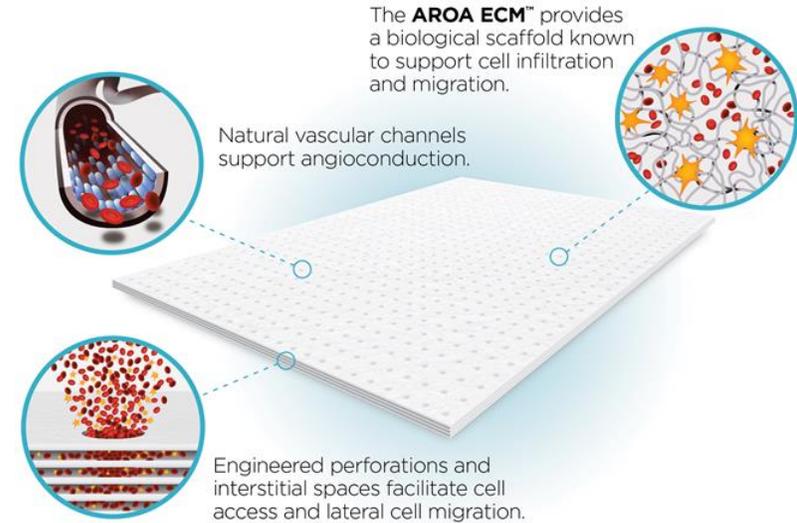
~NZ\$50m

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. 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.

Myriad™

- ✓ **Myriad is the major growth driver:** in-line with plan.
- ✓ **Myriad Morcells™:** conformable graft with notable persistence.
- ✓ **Ongoing field salesforce expansion:** currently 40 (+5), targeting ~41 by end of FY23.
- ✓ **Salesforce productivity:** 123 active Myriad accounts,¹ 4 reps with run rate over \$US1M and 8 reps run rate of over US\$500,000 per annum.
- ✓ **Myriad - MASTRR Clinical Registry:** 138(+48) patients recruited, 4 (+1) sites - targeting 300 patients & 10 sites over a three-year period.
- ✓ **Myriad line extensions:** Myriad Morcells (fine) Apr '23.
- ✓ **Clinical studies:** two lower extremity publications expected in next 6-9 months.

1. Represents accounts to which sales were made in the applicable quarter.



Symphony™

- ✓ **New high value product:** for treating DFUs and VLUs in outpatient wound centers and physicians' offices.
- ✓ **Similar to Myriad and augmented with Hyaluronic Acid:** designed to support enhanced cell migration and improve moisture management.
- ✓ **Full Launch Apr '23:** Preparing, building infrastructure, verifying reimbursement.
- ✓ **Randomised Control Trial:** 120 patient multi-centre prospective study vs. standard of care. Commence recruiting in March.
- ✓ **Symphony and Endoform™ combination Study:** 50 patient multi-centre prospective study vs retrospective published data progressing.



Symphony combines AROA ECM™ and Hyaluronic acid in a perforated multilayer format designed specifically for use in the outpatient setting for complex wounds (diabetic ulcers/venous ulcers).

OviTex™ & OviTex PRS

- ✓ **OviTex, OviTex LPR & OviTex PRS continue to gain momentum:** TELA Bio™ 60 field reps, sales guidance of US\$42-45m in CY22 (up from US\$29.5m in CY21.¹)
- ✓ **Bravo I (ventral hernia):** 92 enrolled patients, 2.6% recurrence rate in ventral hernias at 24-months.²
- ✓ **ReBAR (robotic):** 157 inguinal hernia repairs, 1.9% recurrence rate at 24-months.²
- ✓ **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

- ✓ **New Study:** Endoform Natural - High Flow ensures that therapeutic NPWT pressures are delivered to the wound bed providing potential for better healing outcomes vs. alternate collagen-based matrices.¹
- ✓ **Modest growth:** serviced by remote inside sales team.
- ✓ **Clinical evidence:** Targeting completion of Venous Leg Ulcer real-world study by July '23.



1. Veale RWF, Kollmetz T, Taghavi N, Duston-Fursman CG, Beeson MT, Asefi D, Chittock HD, Vikranth AS, Dowling SG, Dempsey SG, Rose HJ, Mason ITT, May BCH. Influence of advanced wound matrices on observed vacuum pressure during simulated negative pressure wound therapy. J Mech Behav Biomed Mater. 2023 Feb;138:105620. AROA sponsored study, available [here](#).

* Ionic silver has been included in Endoform™ Antimicrobial to protect the device from microbial contamination. Reduction in colonization or microbial growth on the device has not been shown to correlate with a reduction in infections in patients. Clinical studies to evaluate reduction in infection have not been performed.

Enivo™

- ✓ **US FDA 510k submission:** Nov '22.
- ✓ **Set-up for pilot clinical study:** 10 patients in Mastectomy H1 CY23. Recruiting begins March '23 .
- ✓ **Pre-clinical model demonstrates efficacy potential:** Peer-reviewed publication Oct '22.¹
- ✓ **Platform technology for a family of new products:** partially removable and resorbable implants, variety of formats for different anatomical sites/procedures.



1. Mason IT, Rose HJ, Williamson SF, Jowsey AT, Gorman SJ, Chittock HD, Wong CC, Dheda AJ, Turner SB, Park YE, Kollmetz T, Sonis JM, Kamm JL, May BC. Evaluation of Tissue Apposition and Seroma Prevention in an Ovine Model of Surgical Dead Space Using a Novel Air-Purged Vacuum Closure System. *Eplasty*. 2022 Oct 12;22:e46. AROA sponsored study, available [here](#).

Other Operational highlights

- ✓ **Manufacturing:** Upgrading and expanding tissue processing facility.
- ✓ **Ex-US:** Myriad Matrix™ approval in Brazil, Canadian GPO Contract for Endoform with HealthPRO (1,300 members).
- ✓ **Patent portfolio update:** 19 registered patents, 35 pending and a further 9 filed. 10 patent families, 6 relating to Enivo.



FY23 Catalysts & Milestones



AROA Sales Momentum

Fully dedicated field sales team. Myriad expected to drive growth



TELA Bio Sales Momentum

Clinical outcomes & cost savings driving increasing adoption



Symphony Product Launch

Well suited to evolving reimbursement landscape, clinical outcomes & cost savings expected to drive increasing adoption



Enivo

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



Post-COVID

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

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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\$2.5b² TAM

for existing products



US Direct (AROA) and Commercial partner (TELA Bio™) sales



5.8 million+

AROA products applied in treating patients



> 40

Peer Reviewed Publications



Regulatory Approvals

in 50 countries



Enivo™ Tissue Apposition Platform



> 270

personnel³

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.

Substantial Growth Opportunities > \$2.5B¹ TAM



Complex Wounds

Soft Tissue Reconstruction

Symphony™

Proliferative Bioscaffold

**Endoform™
Antimicrobial**

Restorative Bioscaffold

**Endoform™
Natural**

Restorative Bioscaffold

**Myriad
Matrix™**

Soft Tissue Bioscaffold

**Myriad
Morcells™**

Morcellized Bioscaffold

OVITEX®
REINFORCED TISSUE MATRIX

OVITEX® PRS
REINFORCED TISSUE MATRIX

Total Addressable Market
> \$1.4B² USD

e.g. Diabetic Foot Ulcers,
Venous Ulcers, Pressure Ulcers,
chronic wounds

e.g. Trauma, tumour removal,
general surgery, inflammatory
skin disease

Total Addressable Market
> \$1.3B³ USD

e.g. Hernia repair, abdominal
dehiscence, breast surgery

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

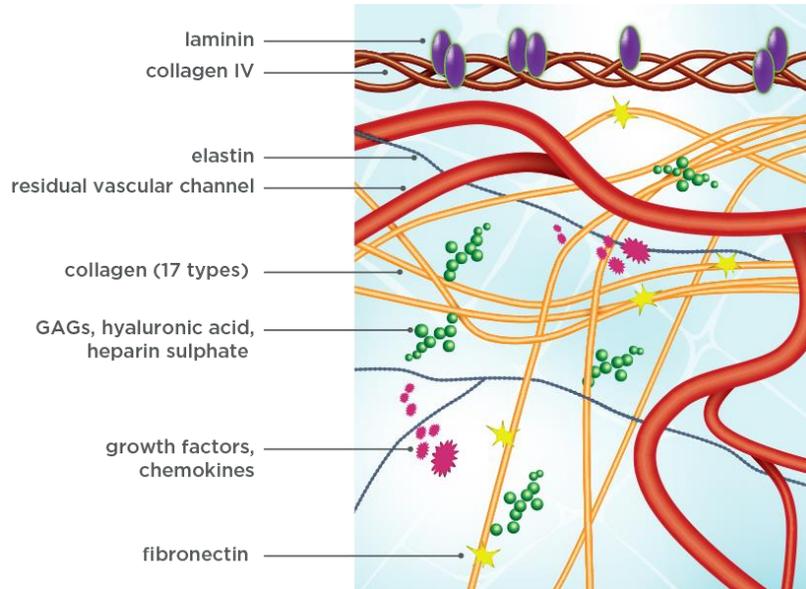
2. SmartTRAK BiomedGPS data 2020. Aroa management estimates.

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 products¹⁻⁶



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PRESENTATIONS / PUBLICATIONS

Endoform™

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PRESENTATIONS / PUBLICATIONS

Myriad™

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PRESENTATIONS / PUBLICATIONS

REINFORCED BIOSCAFFOLD
OVITEX®

- ▶ Rapid formation of well vascularized and functional tissue^{1,2}
- ▶ Tolerated a contaminated field and resistant to infection³⁻⁵
- ▶ No negative inflammatory response reported²⁻⁵
- ▶ Reduced surgical complexity⁴⁻⁶

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. Ceppa (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>

