



## Aroa Biosurgery (ARX) | AGM

Unlocking regenerative healing for every *body*



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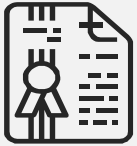
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# AROA at a Glance

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\$3b<sup>1</sup> TAM

for existing products



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



## 6 million+

AROA products applied in treating patients



## > 71

Peer Reviewed Publications



## Regulatory Approvals

in 50 countries



## Enivo™ Tissue Apposition Platform



## ~ 270

personnel<sup>2</sup>

1. Estimate based on Idata, Soft Tissue Repair Market 2022; DRG Millennium Research data; Hernia Repair Devices, 2020; AROA management estimates; DRG Millennium Research, Breast Implants & Reconstructive devices, 2018.
2. AROA NZ & North American employees.





Endoform™

Myriad™

Symphony™

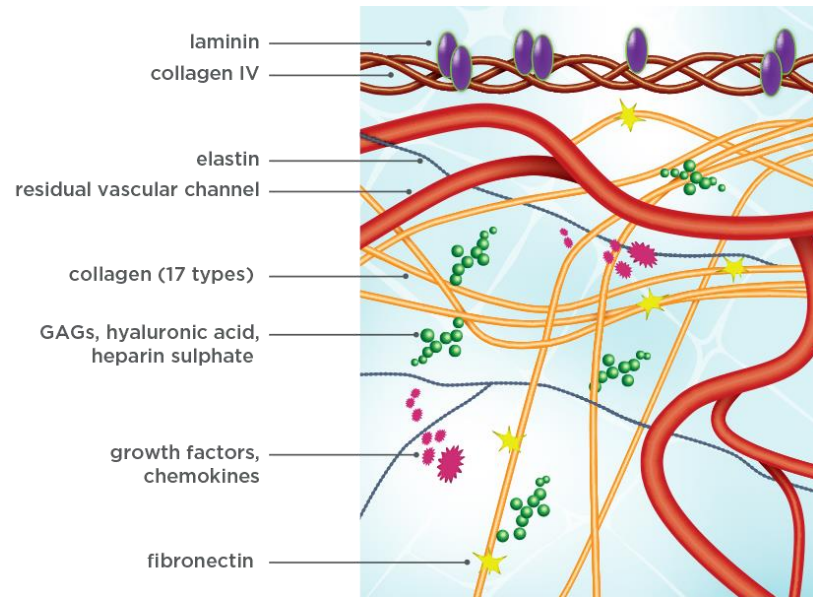
REINFORCED BIOSCAFFOLD

OVITEX®

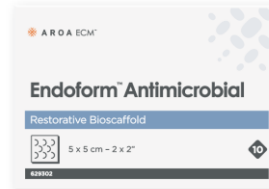
## Product Portfolio

# 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>



## Endoform™



## Myriad™



## Symphony™



## OVITEX™

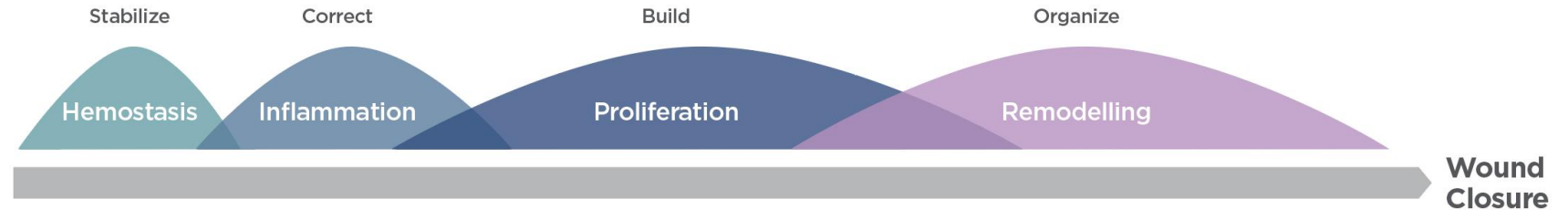


1. Irvine, S. M., et al. (2011). "Quantification of in vitro and in vivo angiogenesis stimulated by ovine forestomach matrix biomaterial." *Biomaterials* 32(27): 6351-6361. 2. Bohn, G. A. and A. E. Chaffin (2020). "Extracellular matrix graft for reconstruction over exposed structures: a pilot case series." *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>



# AROA Product Portfolio

Products to match wound type, stage & site of care



## ACUTE: Operating Room



### Soft Tissue Reconstruction

Operating Room/Physician Office

E.g. Trauma, Dehiscence, Tissue Loss, Breast Surgery, Inflammatory Skin Lesions, Hernia

**Myriad Matrix™**

Soft Tissue Bioscaffold

**Myriad Morcells™**

Morcellized Bioscaffold

(+/-) **Endoform™ Natural**

Restorative Bioscaffold

**OVITEX® [PRS]**  
REINFORCED TISSUE MATRIX

(+/-) **Endoform™ Natural**

Restorative Bioscaffold

## CHRONIC: Outpatient Clinic



### Healing Complex Wounds

Operating Room/Physician Office/Home

E.g. Diabetic Foot Ulcers, Venous Ulcers, Pressure Ulcers

**Endoform™ Antimicrobial**

Restorative Bioscaffold

**Endoform™ Natural**

Restorative Bioscaffold

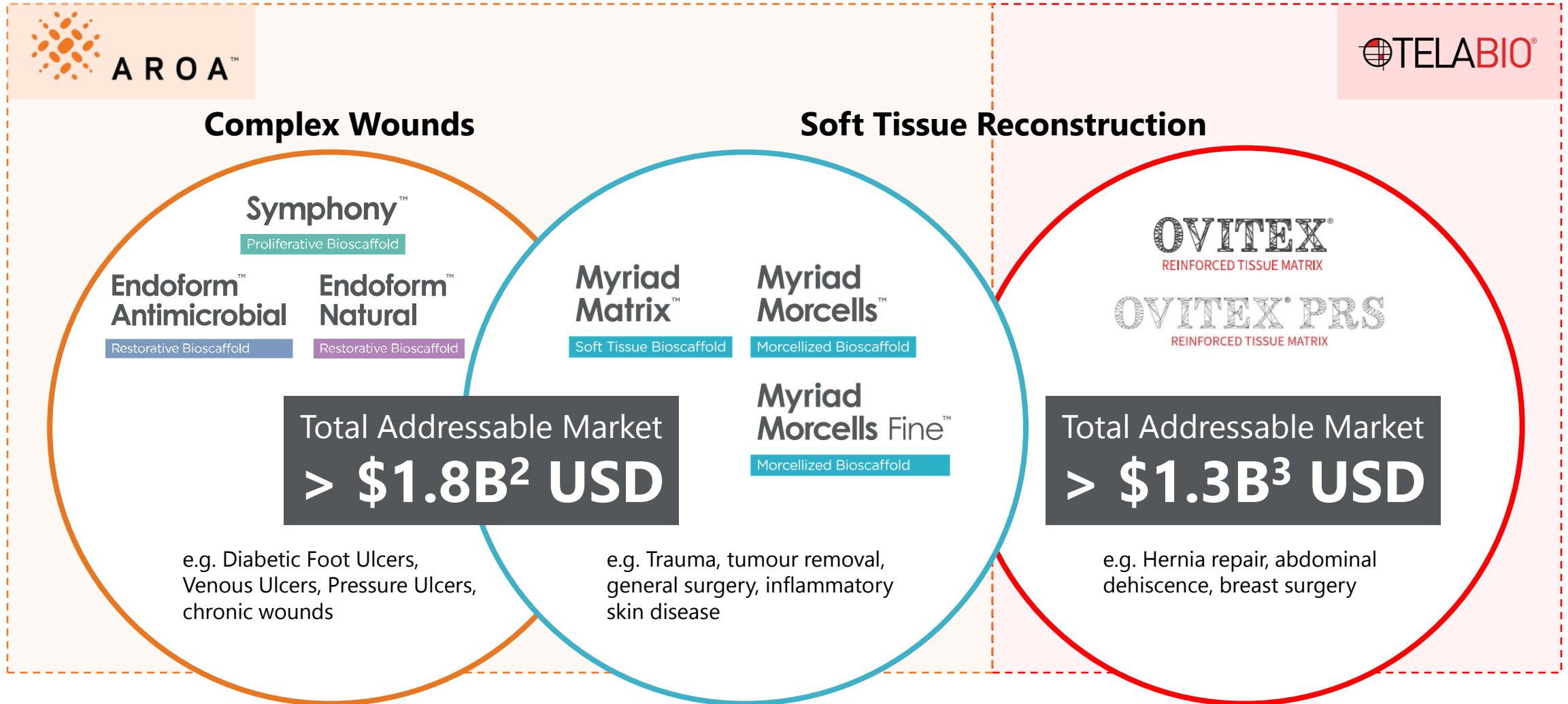
(+/-) **Symphony™**

Proliferative Bioscaffold

Healing Difficulty

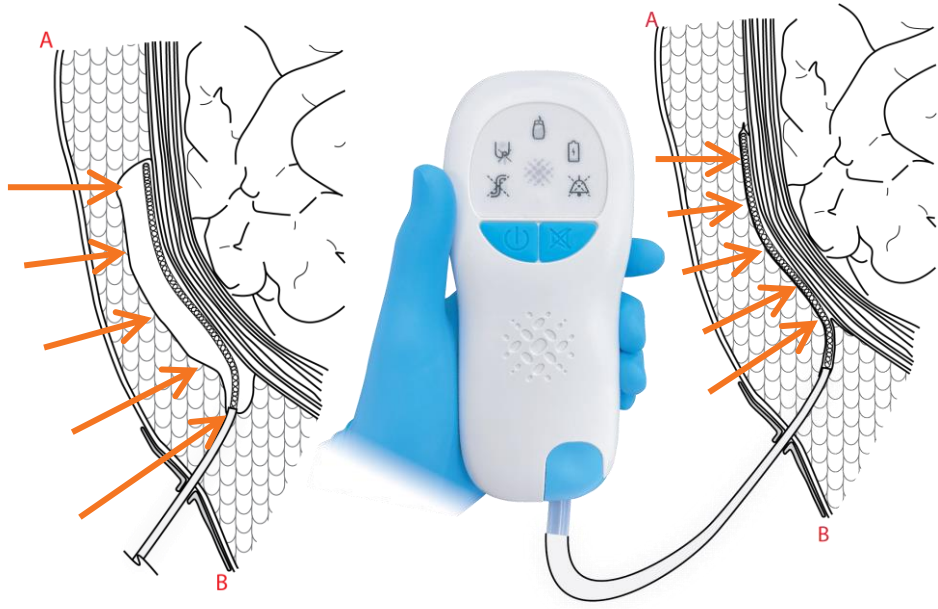
..... Difficult      - - - - - Very Difficult

# Substantial Growth Opportunities > \$3B<sup>1</sup> TAM

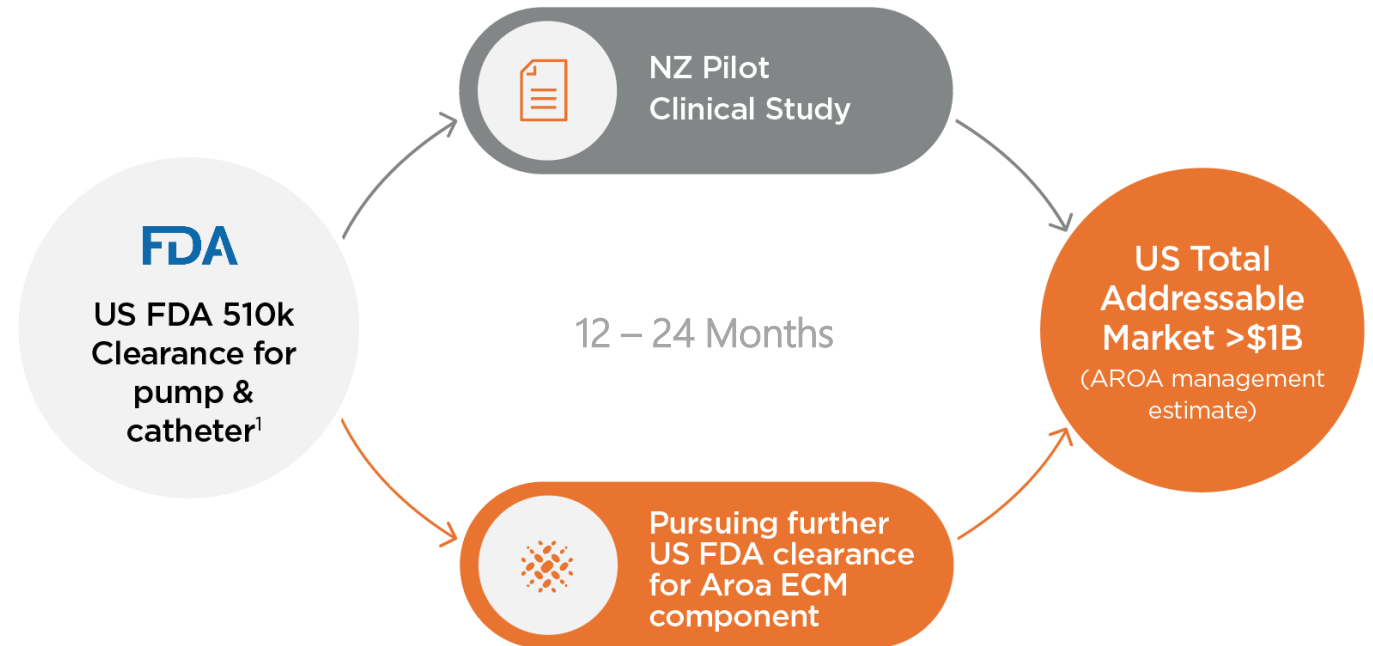


1. Estimate based on Idata, Soft Tissue Repair Market 2022; DRG Millennium Research data; Hernia Repair Devices, 2020; AROA management estimates; DRG Millennium Research, Breast Implants & Reconstructive devices, 2018.
2. Idata, Soft Tissue Repair Market 2022. AROA management estimates.
3. DRG Millennium Research data; Hernia Repair Devices, 2020. DRG Millennium Research, Breast Implants & Reconstructive devices, 2018. OviTex and TELA Bio are trademarks of TELA Bio, Inc.

# Enivo<sup>1</sup> – Tissue apposition platform



Preclinical use of Enivo resulted in near complete dead space closure at the conclusion of treatment (14 days), with a median seroma area of 2% and volume of near 1.3mL, compared to an area of 98% and volume of 188.5mL for the Standard of Care treatment.



1. New product platform, not yet available for sale. US regulatory clearance received to date for certain components of the Enivo system.



# Step change in soft tissue reconstruction<sup>1</sup>



1. Management's proposed strategy and opinion.
2. Idata, Soft Tissue Repair Market 2022. AROA management estimates.
3. AROA management estimates.
4. Idata, Soft Tissue Repair Market 2022. AROA management estimates.



## Financial Results

# FY23 Key Financial Results



**NZ\$60.5m<sup>1</sup>**

**Product Revenue** vs.  
Guidance<sup>2</sup> NZ\$60-62m  
**Total revenue ~ NZ\$63.4m<sup>1</sup>**



**84%<sup>1</sup>**

**Product Gross Margin**  
vs. Guidance<sup>2</sup> 84%



**NZ\$1.5m<sup>1</sup>**

**Normalised EBITDA<sup>3</sup>**  
vs. Guidance<sup>2</sup> ~ breakeven

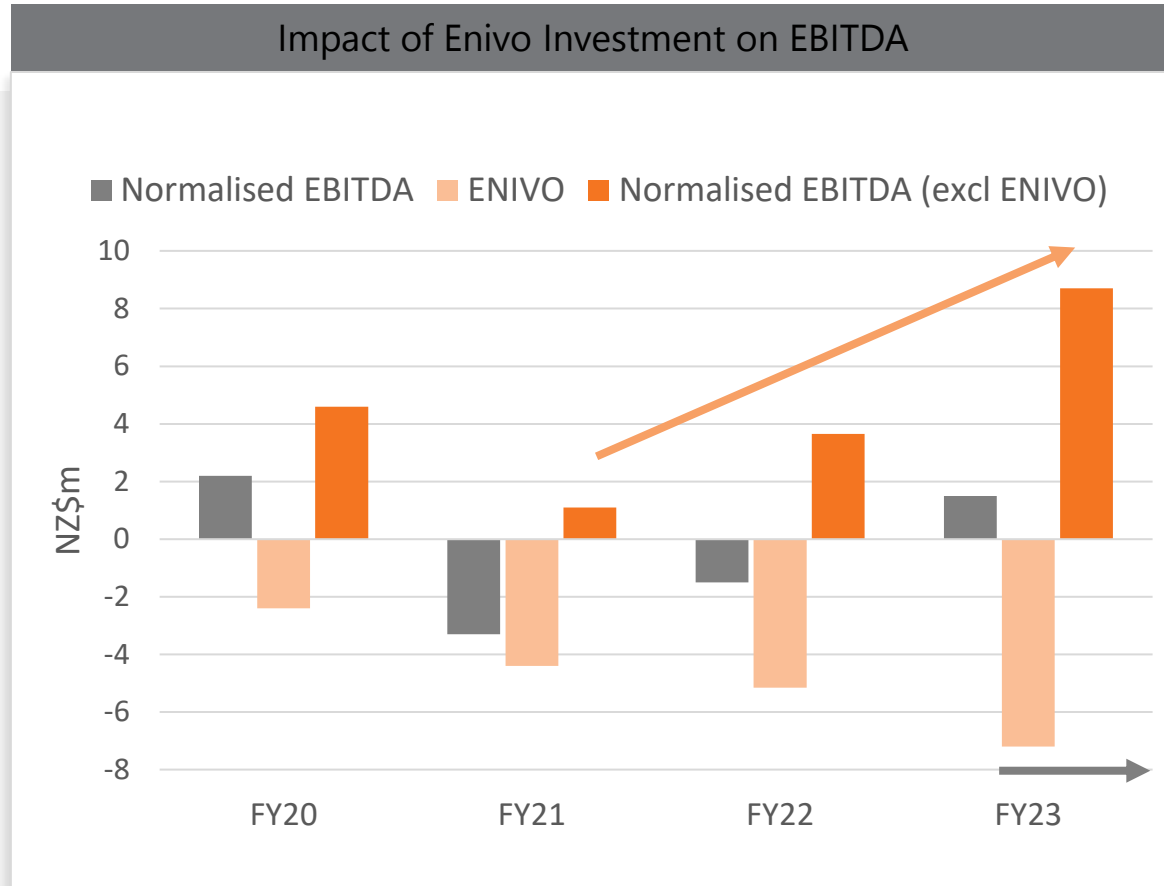


**~NZ\$45m**  
**Cash Balance**

1. Presented on a reported basis.
2. Guidance was provided on a constant currency basis of US\$0.62/NZ\$1.00, representing the AROA group's ('Group') average US\$/NZ\$ exchange rate for H1 FY23. Constant currency removes the impact of exchange rate movements. On a constant currency basis actual Product revenues were NZ\$60.4 million, Product Gross Margin was 84% and Normalised EBITDA was NZ\$1.0 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 Group's comparative financial performance without any distortion from one-off transactions. The impact of non-cash share-based payments expense and unrealized foreign currency gains or losses 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. All references in this presentation to normalised EBITDA is as set out in this footnote.



# Investing to transform clinical outcomes



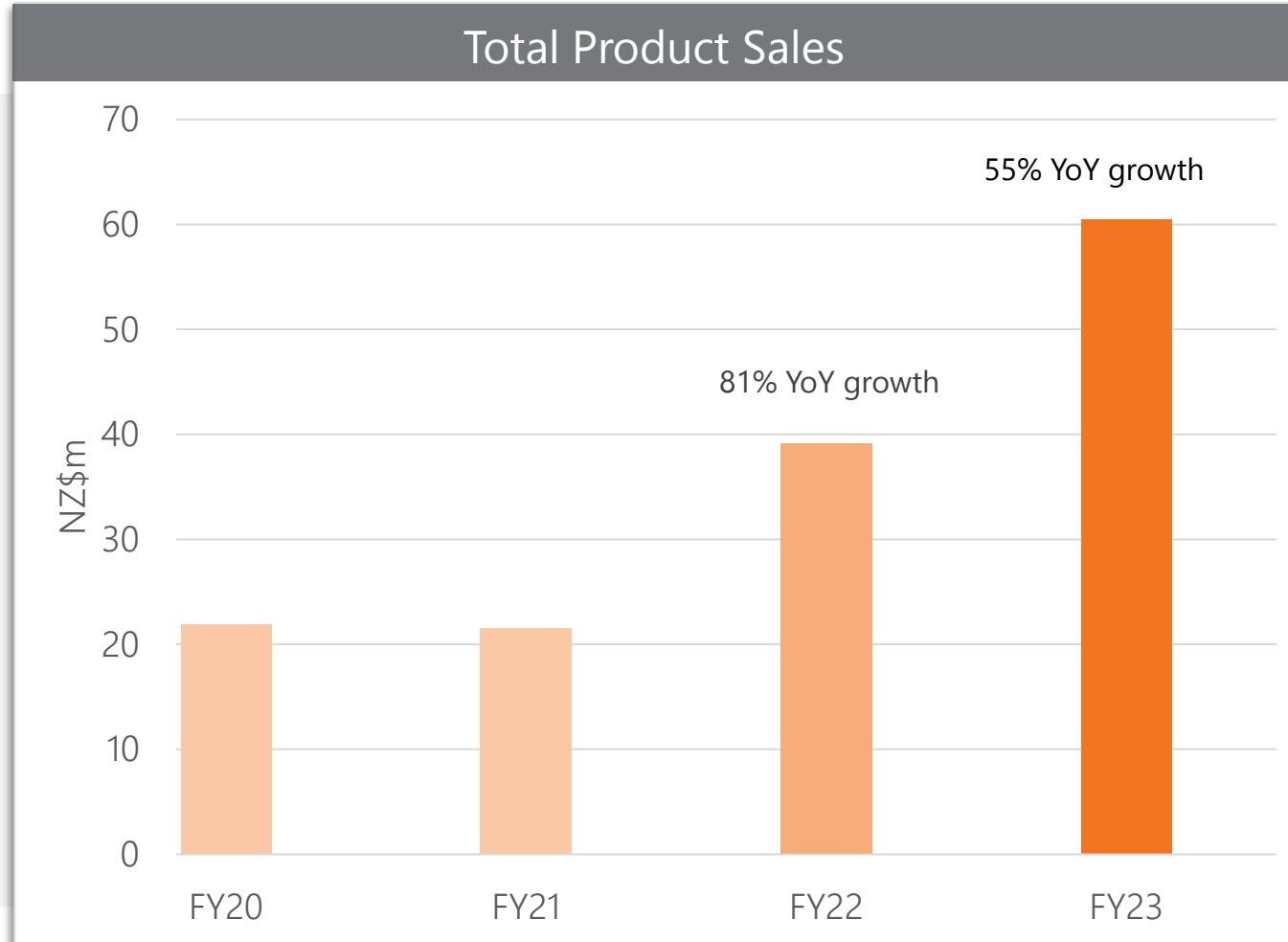
- Business highly profitable setting aside large investment in Enivo (orange bars)
- Sacrificing short-term profitability for longer term competitive advantage & profit
- Enivo offers unique opportunity to develop new tissue apposition category, exploit synergies with existing AROA ECM products & elevate clinical engagement / share of voice
- Leverages existing sales force and enhances sales productivity
- Enivo TAM >US\$1B (management estimates)



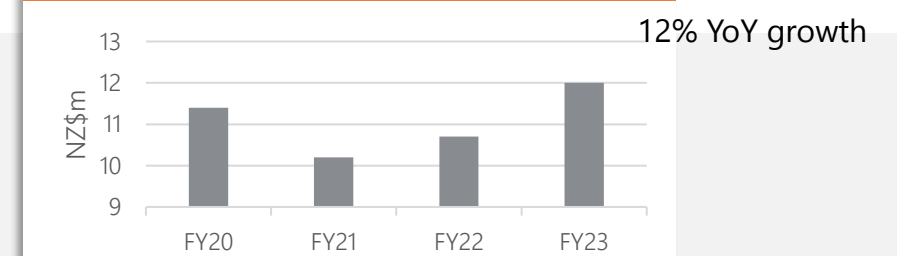
**AROA Direct Sales**



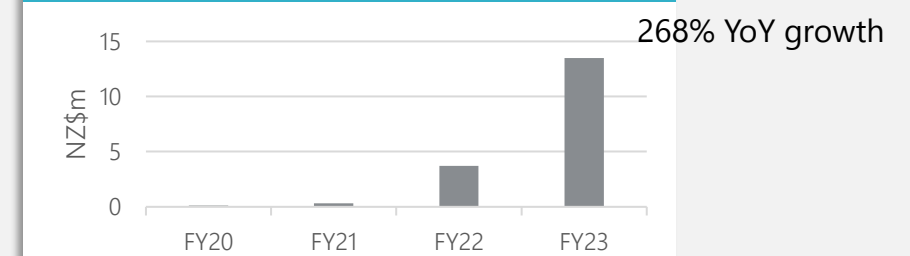
# Product sales



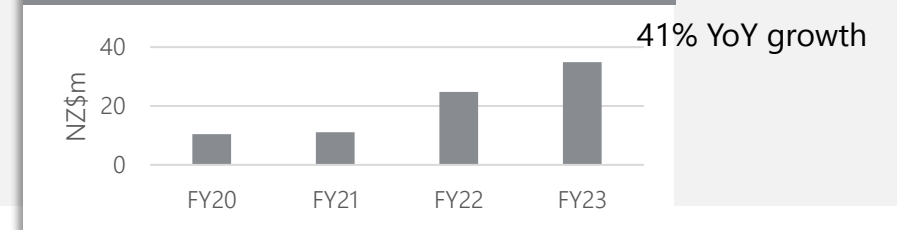
### Endoform Sales



### Myriad Sales



### TELA Bio Sales



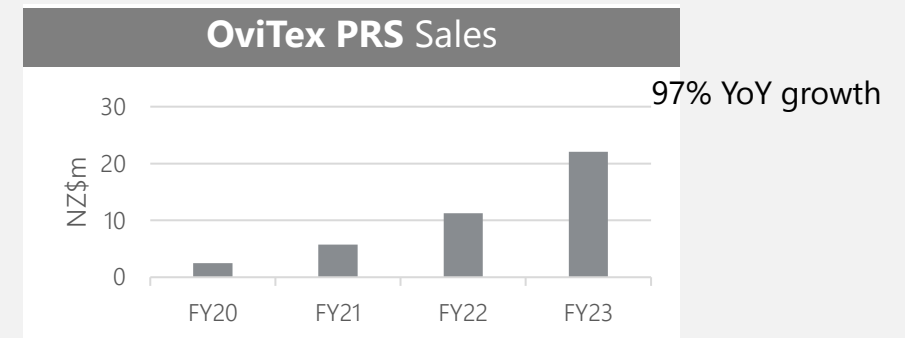
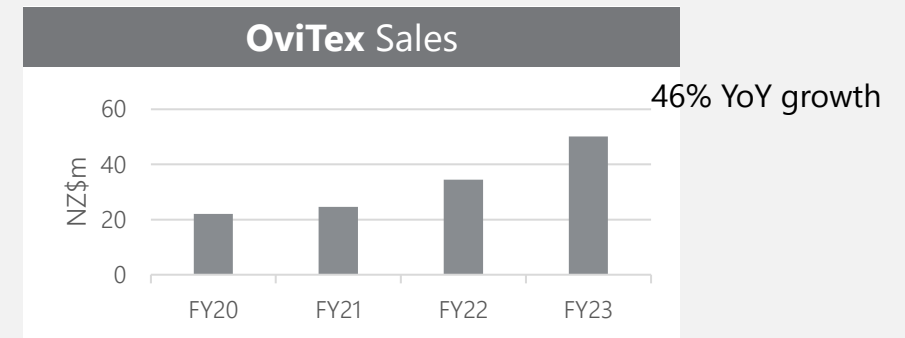
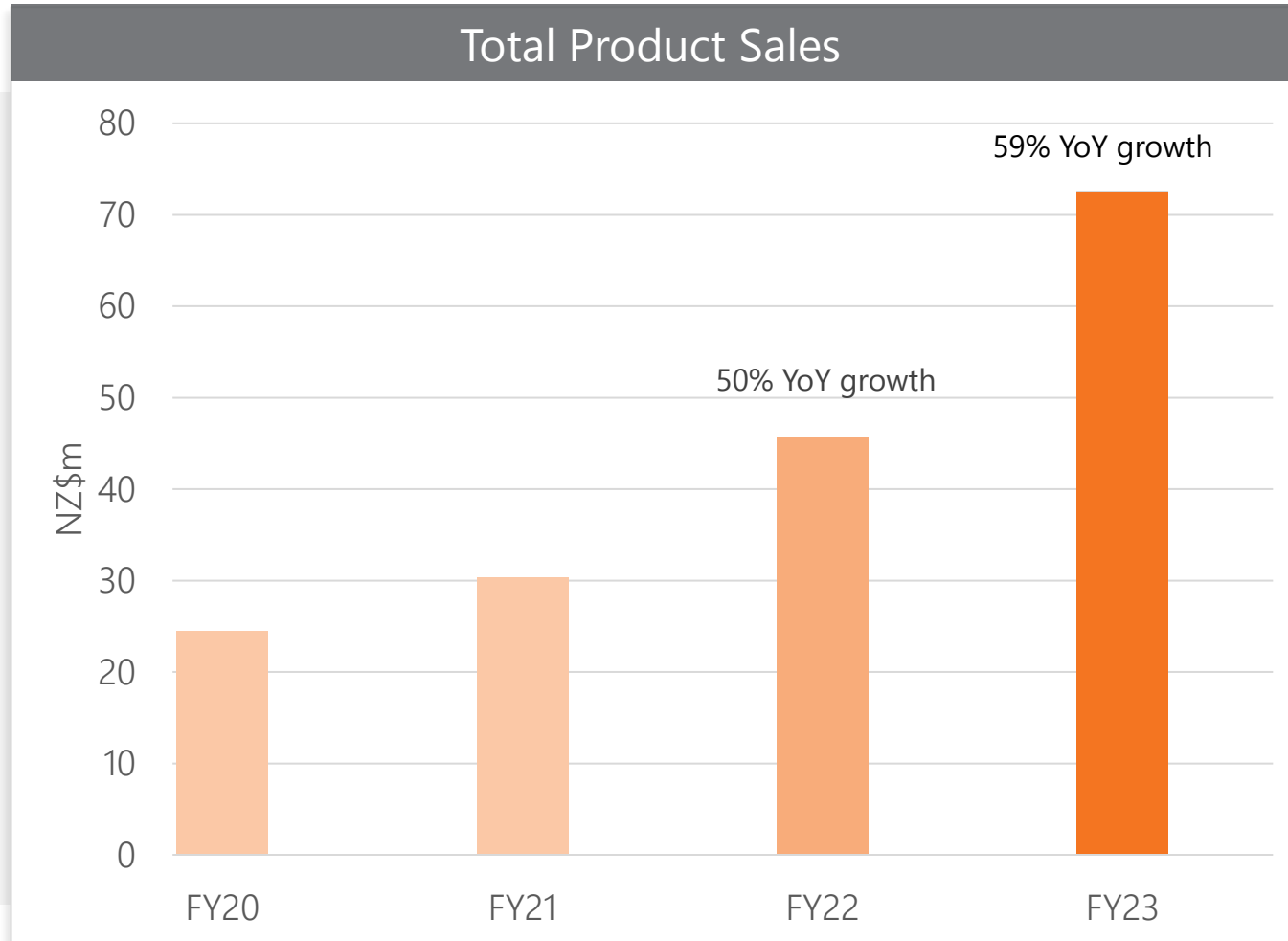




**TELA Bio Direct**



# TELA Bio Product Sales

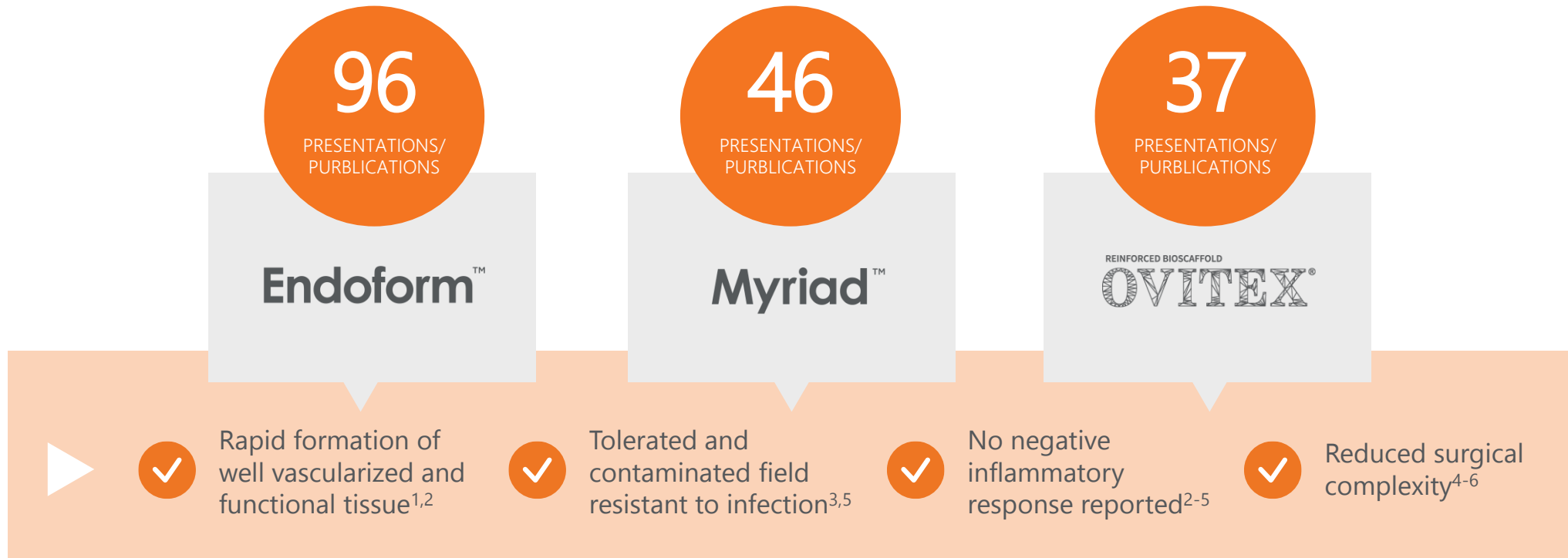




## Clinical Research













# Clinical Research



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>

# Clinical Research

Projects Initiatives		FY2024	FY2025	FY2026
Endoform™ Venous Ulcers (RWE)	<ul style="list-style-type: none"> <li>Retrospective real-world evidence (RWE) comparative study</li> <li>N~800+ wounds</li> <li>Comparative to leading competitor device</li> </ul>			
India Study	<ul style="list-style-type: none"> <li>Phase IV prospective single arm study</li> <li>N=100 various wounds</li> <li>N=4 sites</li> </ul>			
Myriad Registry	<ul style="list-style-type: none"> <li>Prospective observation registry</li> <li>N=300 complex soft tissue reconstructions</li> <li>N=10 US sites</li> </ul>			
Myriad Pivotal Study	<ul style="list-style-type: none"> <li>Prospective intervention study in the highest impact clinical procedure</li> </ul>			
Symphony RCT	<ul style="list-style-type: none"> <li>Prospective interventional comparative study</li> <li>N=120 DFU</li> <li>N=10 US sites</li> </ul>			
ENIVO Pilot	<ul style="list-style-type: none"> <li>Prospective interventional pilot study</li> <li>N=10</li> <li>One site</li> </ul>			
ENIVO Pivotal	<ul style="list-style-type: none"> <li>Prospective intervention comparative study</li> </ul>			

 Interim reporting



## Manufacturing Operations



# Manufacturing and Production

## Well established commercial manufacturing facility

### Unique process produces a high-quality product

- 13 successful quality system audits since 2014
- 91 staff in Manufacturing Operations and Quality
- 2 Sites – 5100 m2 total manufacturing floor

### Efficient and low cost

- Purposefully designed gentle & low-cost process & equipment
- Controlled clean room environment built to pharmaceutical standards



In-house manufacturing facility – Auckland, New Zealand



Manufacturing Facility

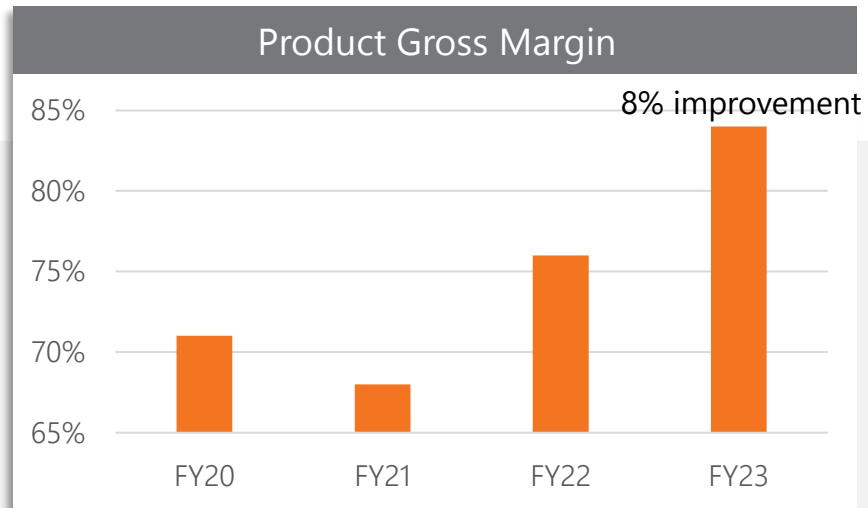
### Scalable

- Raw materials readily available in New Zealand
- Modular manufacturing design allows production to be easily scaled as sales volumes grow
- Production facility in place to support revenue of up to NZ\$150m.

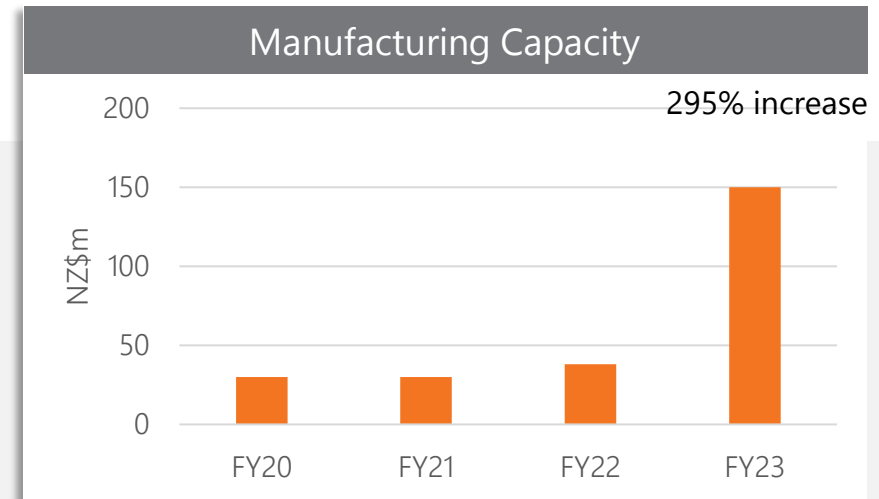
### Continuous Improvement

- Dedicated process development teams lowering COGs and improving margin against inflationary headwinds.
- 23% reduction in COGs (normalized by number of products built) between FY22 and FY23.

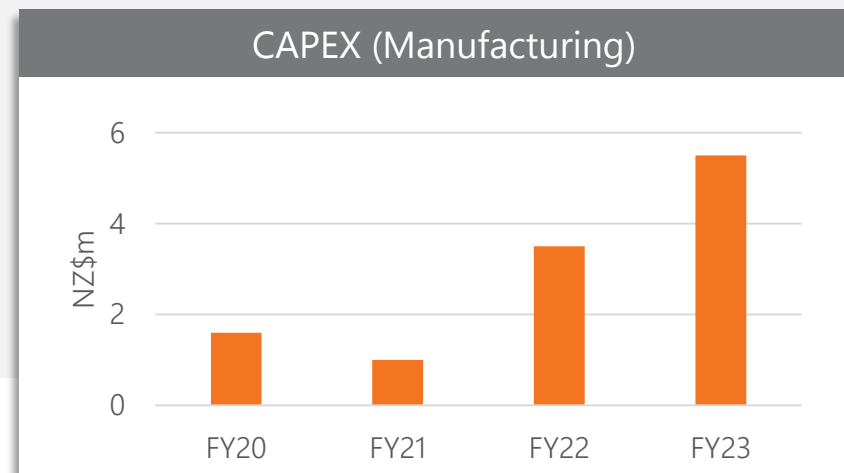
# Manufacturing



Ongoing margin improvements



Expanded capacity



Investment in plant & equipment



**Outlook**



# FY24 Guidance<sup>1</sup>



**NZ\$72-75m**

**Product Revenue**

(YoY CC growth 25 – 30%)  
Total revenue ~ NZ\$73-76m



**85%**

**Product Gross Margin**



**NZ\$1-2m**

**Normalised EBITDA**

1. All guidance is presented on a constant currency ('CC') basis using a NZ\$/US\$ exchange rate of 0.65, compared to the average exchange rate of 0.62 in FY23. Constant currency removes the impact of exchange rate movements. Guidance is also 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 delivering on its CY23 revenue guidance of US\$60-65 million.

# Revenue growth & profitability

	Constant Currency @ US\$0.62					Guidance @ US\$0.65c	FY24+3 years % of revenue
	2022 NZ\$m	2023 NZ\$m	YOY %	2024 NZ\$m	YOY %	2024 NZ\$m	
Product revenue	43.8	60.4	38	76 – 79	25 -30	72 – 75	25%+ YoY growth
<b>Total revenue</b>	44.4	<b>61.5</b>	38	<b>77 – 80</b>	25 -30	<b>73 – 76</b>	
<b>Gross profit</b>	35.0	<b>51.6</b>	47	<b>65 - 68</b>		<b>62 – 65</b>	
<b>Product gross margin %</b>	79%	<b>84%</b>	5%	<b>85 - 86%</b>	1-2%	<b>85%</b>	Increasing from 85% towards 88%
Normalised selling and administrative expenses	(29.9)	(45.4)	52				Decreasing from ~75% towards 50%
Research and development	(8.4)	(10.6)	27				Decreasing from ~15% towards 10%
<b>Total normalised operating expenses</b>	(38.2)	<b>(56.1)</b>	47	<b>(68 - 70)</b>	21 – 25	<b>(66 – 68)</b>	Decreasing from ~85% towards 60%
<b>Normalised EBITDA</b>	<b>1.1</b>	<b>1.1</b>	-	<b>3 – 4</b>		<b>1 – 2</b>	Increasing beyond 20% margin

- FY24 revenue growth of 25–30%, with Myriad the key driver
- Guidance assumes FX headwinds (US\$ 0.65 vs 0.62)
- Average sales rep productivity increasing ~ 75%
- Operating expenses increase ~ 21–25%, driven by annualisation of direct sales team, commissions increasing in line with sales & greater investment in G&A to support scaling the business
- EBITDA positive with expectation to substantially improve beyond FY24

This slide contains forward-looking information and Management's opinions. Actual results or performance may differ materially. FY24 Guidance is 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 delivering on its CY23 revenue guidance of US\$60-65 million.



## Milestones & Catalysts



# FY24 Catalysts



## AROA Sales Momentum

Myriad is the major growth driver.



## TELA Bio Sales Momentum

Sales team expansion, recent financing, clinical evidence, increasing adoption



## Symphony Product Launch

Well suited to evolving reimbursement landscape



## Enivo

Parallel initiatives being progressed to expedite FDA clearance



**Q&A**



# Contact Us

## Brian Ward

m +64 21 727 646  
[Brian.Ward@aroabio.com](mailto:Brian.Ward@aroabio.com)

## James Agnew

m +64 21 744 915  
[investor@aroabio.com](mailto:investor@aroabio.com)

Visit our website **[www.aroa.com](http://www.aroa.com)**

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64 Richard Pearse Drive,  
Auckland 2022,  
New Zealand

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

