

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 2023

Unlocking regenerative healing for everybody



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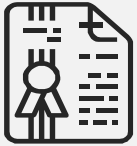
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AROA at a Glance

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\$3B¹ 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



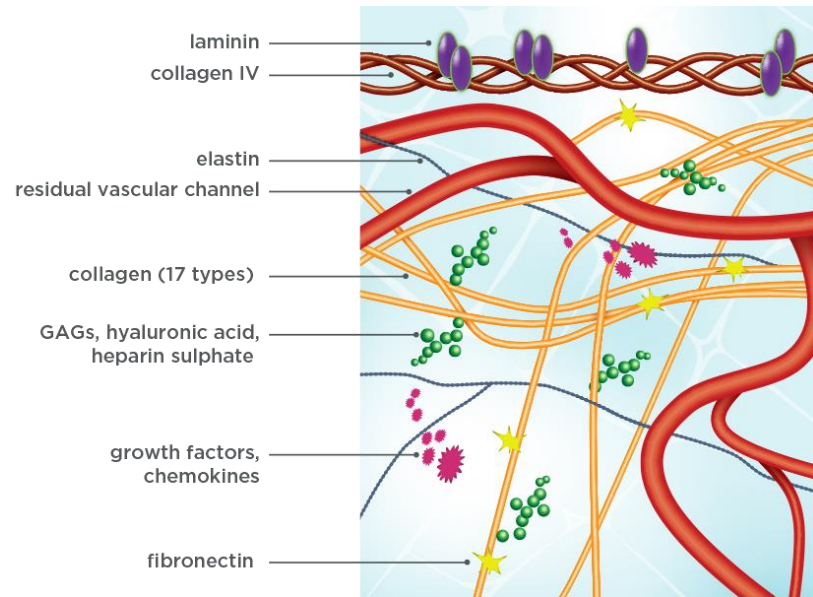
~ 270

personnel²

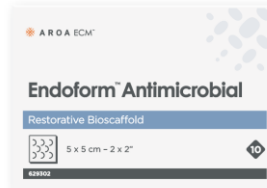
1. Estimate based on Idata, Soft Tissue Repair Market 2022; DRG Millennium Research data; Hernia Repair Devices, 2020; AROA management estimates; DRG Millennium Research, Breast Implants & Reconstructive devices, 2018.
2. AROA NZ & North American employees.

AROA ECM – Structure & Biology for Regenerative Healing

Unique Extracellular Matrix (ECM) derived from ovine forestomach with proven tissue regeneration properties across multiple products¹⁻⁶



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. 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>

AROA ECM - restores functional tissue

96

PRESENTATIONS/
PUBLICATIONS

Endoform™

46

PRESENTATIONS/
PUBLICATIONS

Myriad™

37

PRESENTATIONS/
PUBLICATIONS

REINFORCED BIOSCAFFOLD
OVITEX®



Volumetric fill- Rapid formation of well vascularized and functional tissue^{1,2}



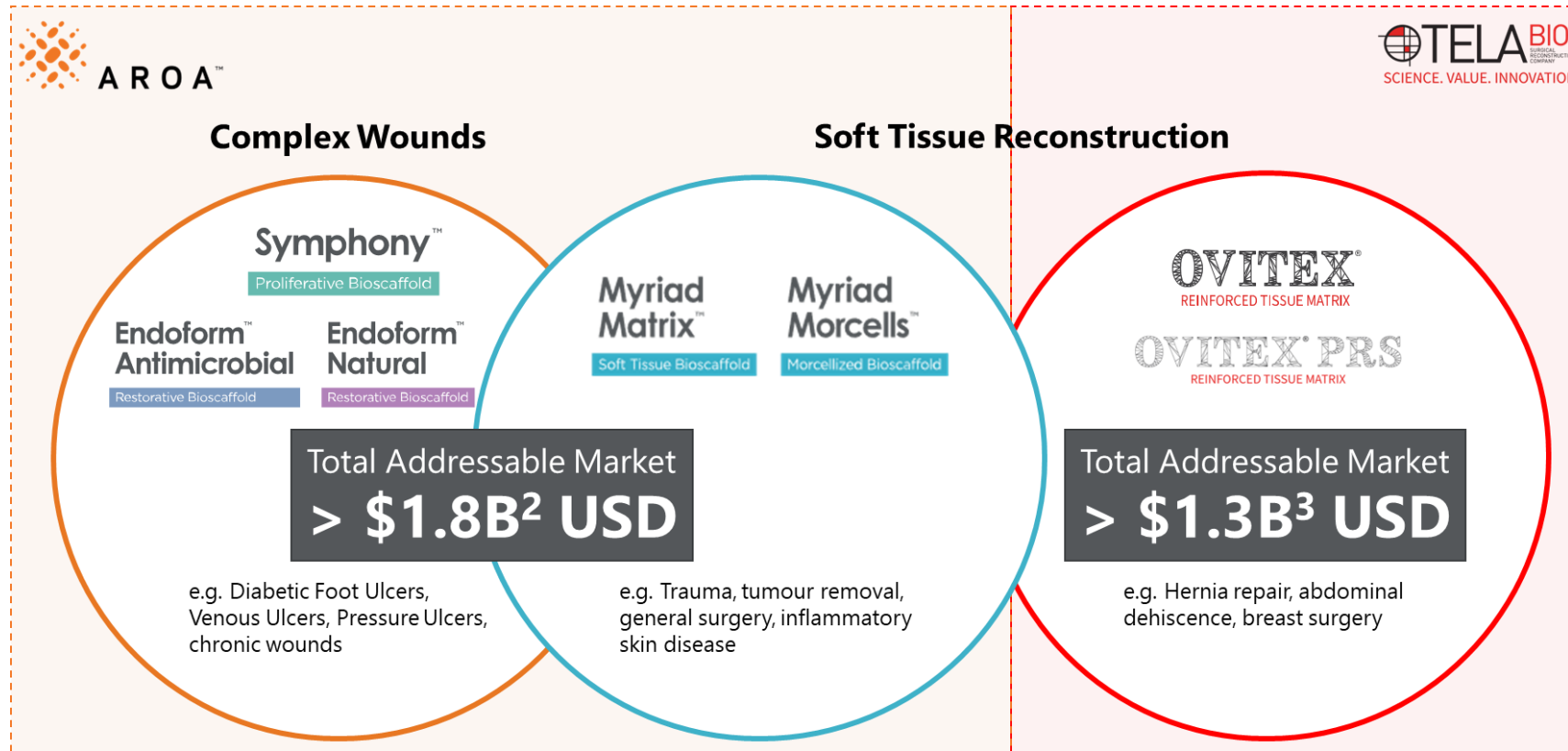
Tolerated and contaminated field resistant to infection^{3,5}



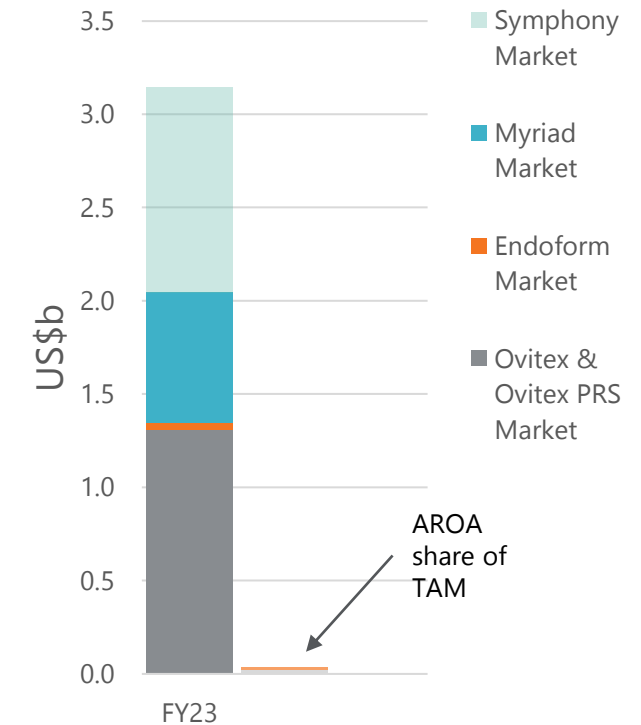
No negative inflammatory response reported²⁻⁵

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>

Substantial Growth Opportunities > \$3B¹ TAM

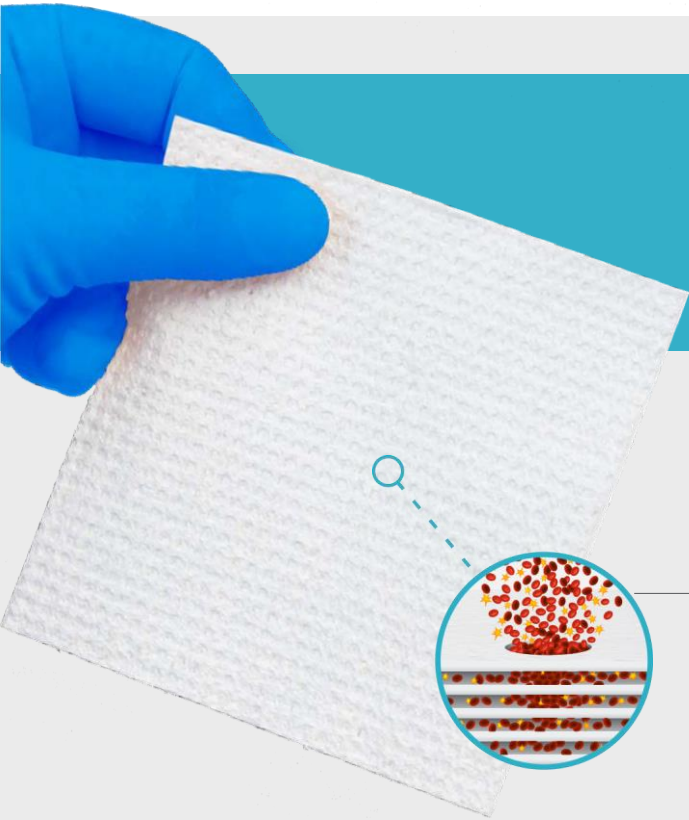


US TAM for AROA's commercial products



1. Management estimate. Sources: 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.

Myriad: acute surgical soft tissue repair



Myriad Matrix™

Contains 2-, 3- or 5-layers of AROA ECM

For **soft tissue repair**, **reinforcement** or **complex wounds**

Myriad Morcells™

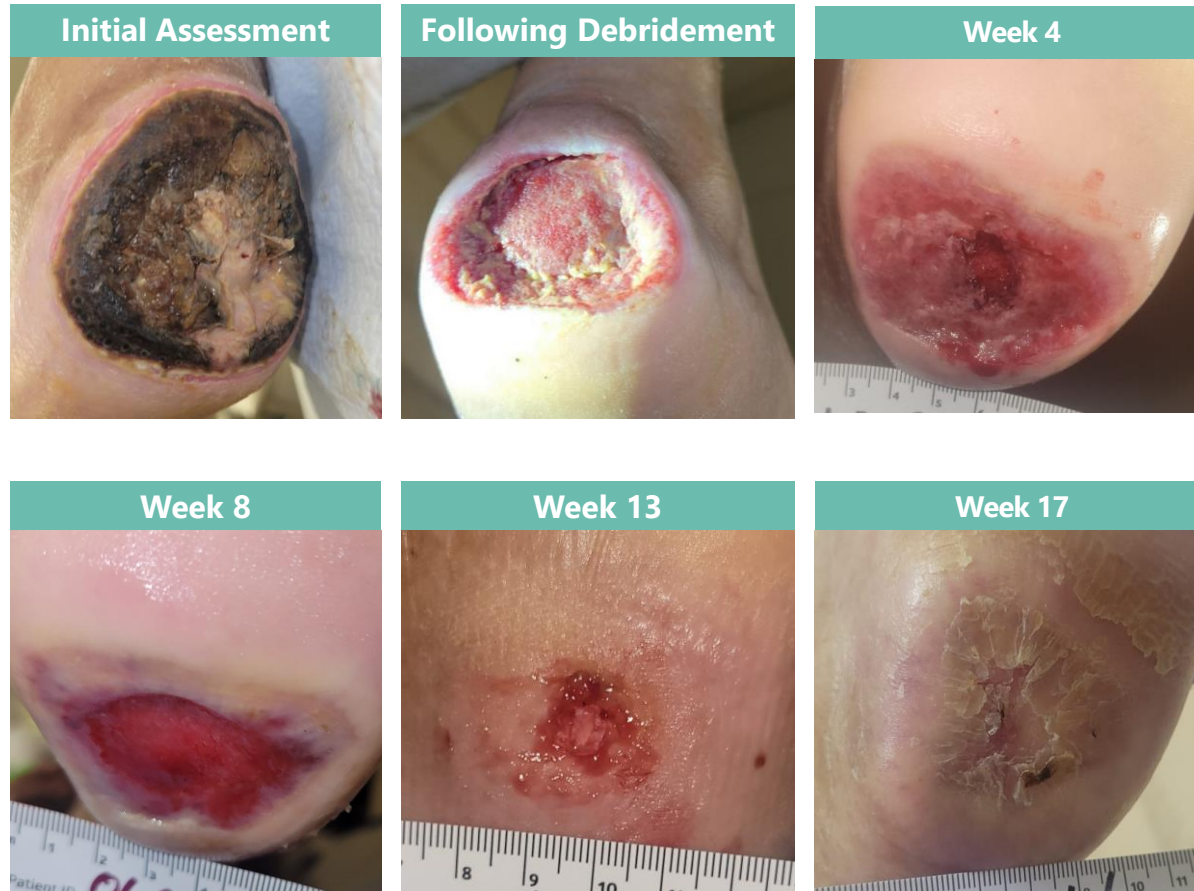
Morcellized Myriad

For **management of acute and chronic wounds**



Symphony: Chronic Complex Wound

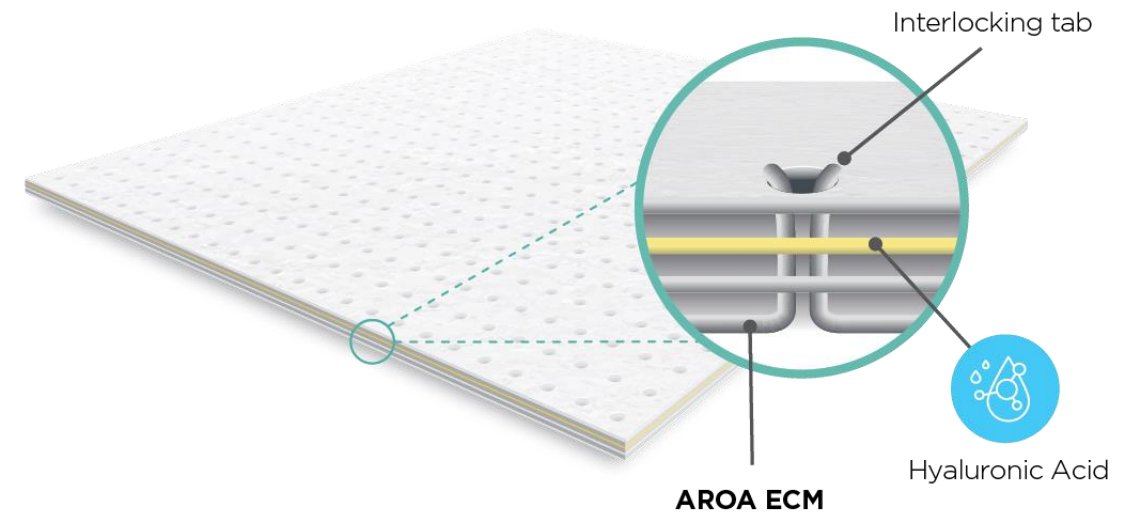
For dermal use in the hospital outpatient department and physician's office to encourage tissue proliferation in patients with severely impaired healing



Symphony™

Proliferative Bioscaffold

A **combination cellular and tissue product** (CTP*), comprising **AROA ECM** and **hyaluronic acid**.

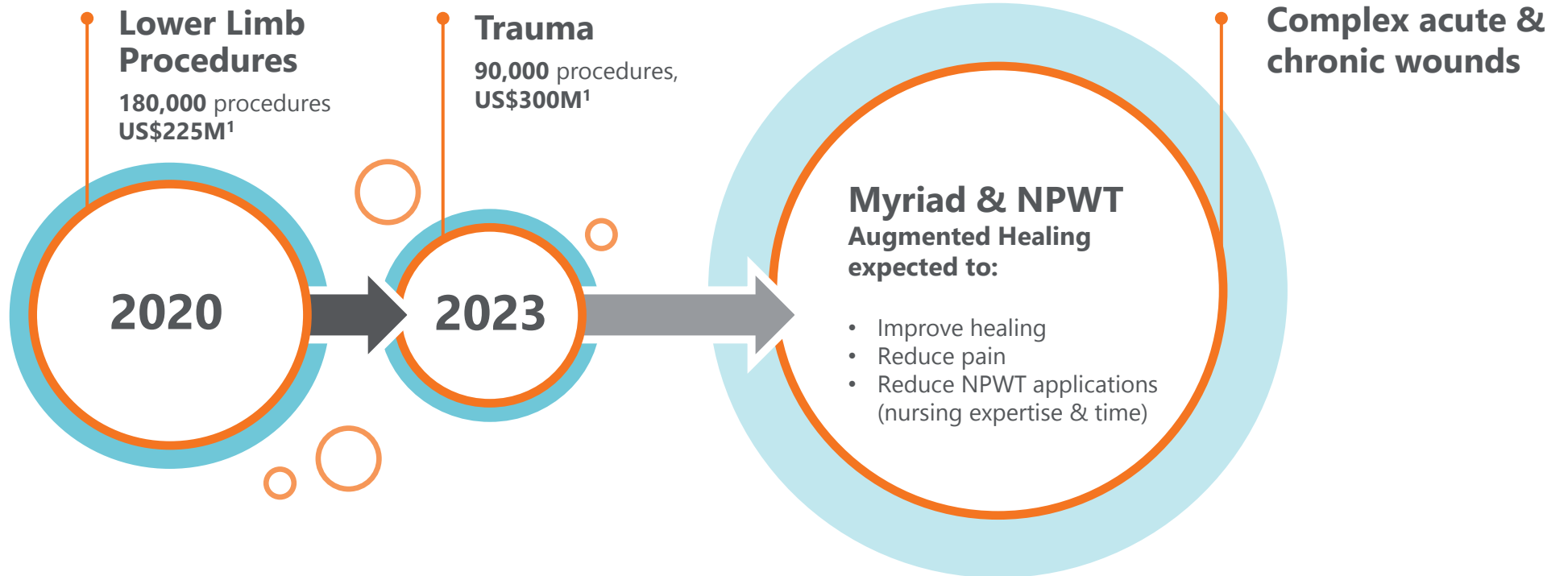


Myriad – Market Potential

Soft Tissue Reconstruction
420,000 procedures p.a. | US\$730M¹

Negative Pressure Wound Therapy
≥1M procedures p.a. | > US\$1B²

Rapid volumetric fill
Persistence
Disruptive pricing



Clinical Evidence

1. Myriad Registry

2. Myriad & NPWT RCT (healing rates, health economics, patient reported outcome measures e.g. pain)

3. Further Myriad & NPWT studies

1. Management's estimates based on 3rd party data of the annual number of US procedures (by procedure type) requiring hospitalisation and where a 'biologic' product may be used. Estimate reflects the annual number of relevant US procedures (by procedure type) multiplied by the estimated ASP and number of applications.
2. Management's estimates of annual procedures based on 3rd party source for disposable sales data (Idata- US Negative Pressure Wound Therapy 2022 MedCore Report) multiplied by the estimated Myriad ASP.

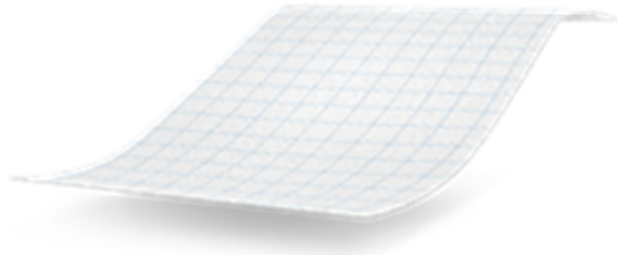
OviTex & OviTex PRS

“Reinforced Bioscaffold” which combines layers of the AROA ECM reinforced with polymers for abdominal wall repair (hernia) & soft tissue reinforcement

OviTex®

Licensed to TELA Bio for

Hernia



Ovitex® is an abdominal wall reinforcement product comprised of multiple layers of AROA ECM reinforced with permanent (polypropylene) or resorbable (PGA) polymers.

OviTex® PRS

Licensed to TELA Bio

Breast Reconstruction



Ovitex® PRS is a soft tissue reinforcement product comprised of multiple layers of AROA ECM reinforced with permanent (polypropylene) or resorbable (PGA) polymers

OviTex repair of a midline fascial dehiscence and fistula



1 week Post-op



4 weeks Post-op



8 weeks Post-op

Symphony – Market Potential

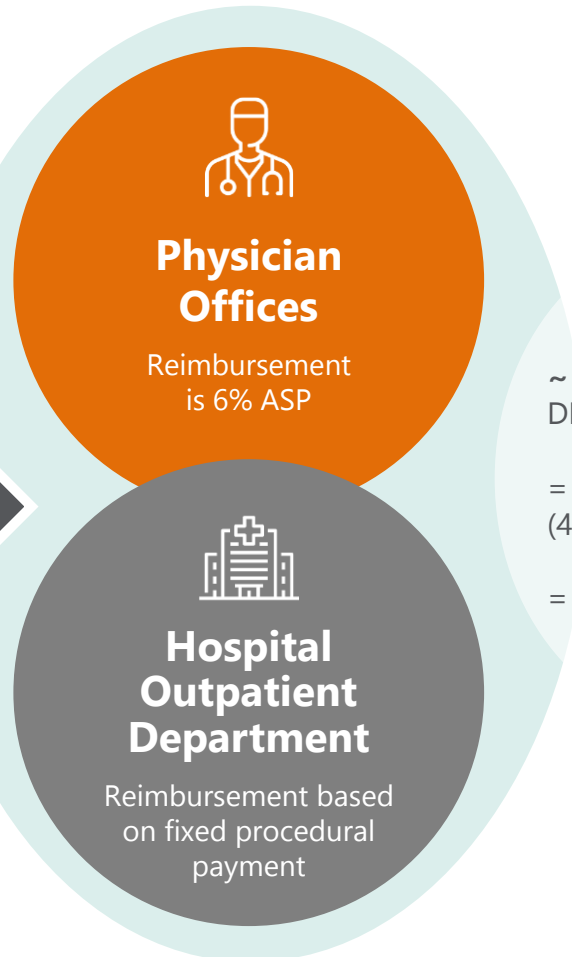
Market Size ~ US\$1B¹

Fewer applications

Disruptive pricing

Rapid volumetric fill

2023



**Physician
Offices**

Reimbursement
is 6% ASP

**Hospital
Outpatient
Department**

Reimbursement based
on fixed procedural
payment

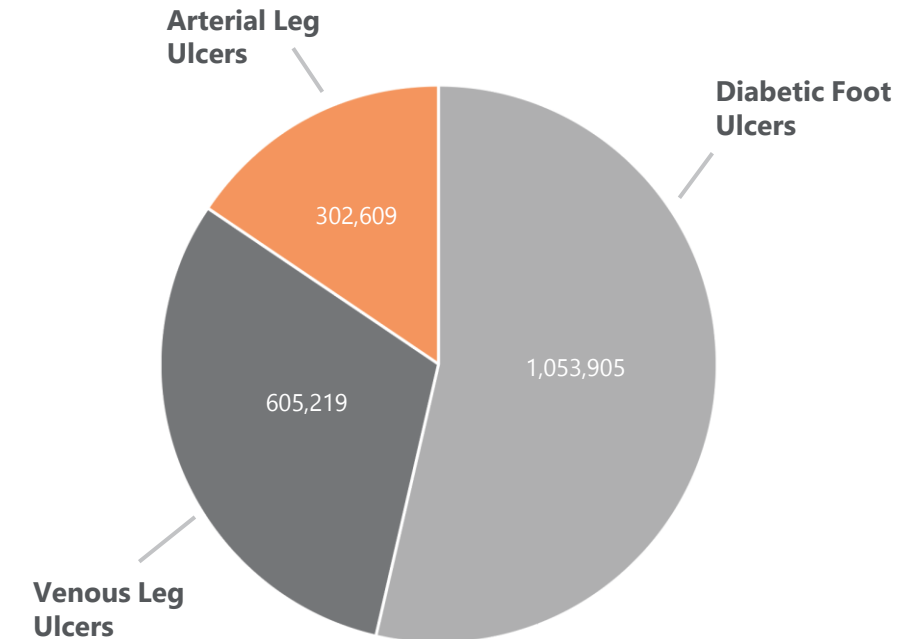
~ **475,000 CTP units sold**
DFU & VLU applications

= **120,000** wounds
(4 applications per wound)²

= **7%** hard-to-heal wounds

~ **1.7M Hard-to-heal chronic wounds**³

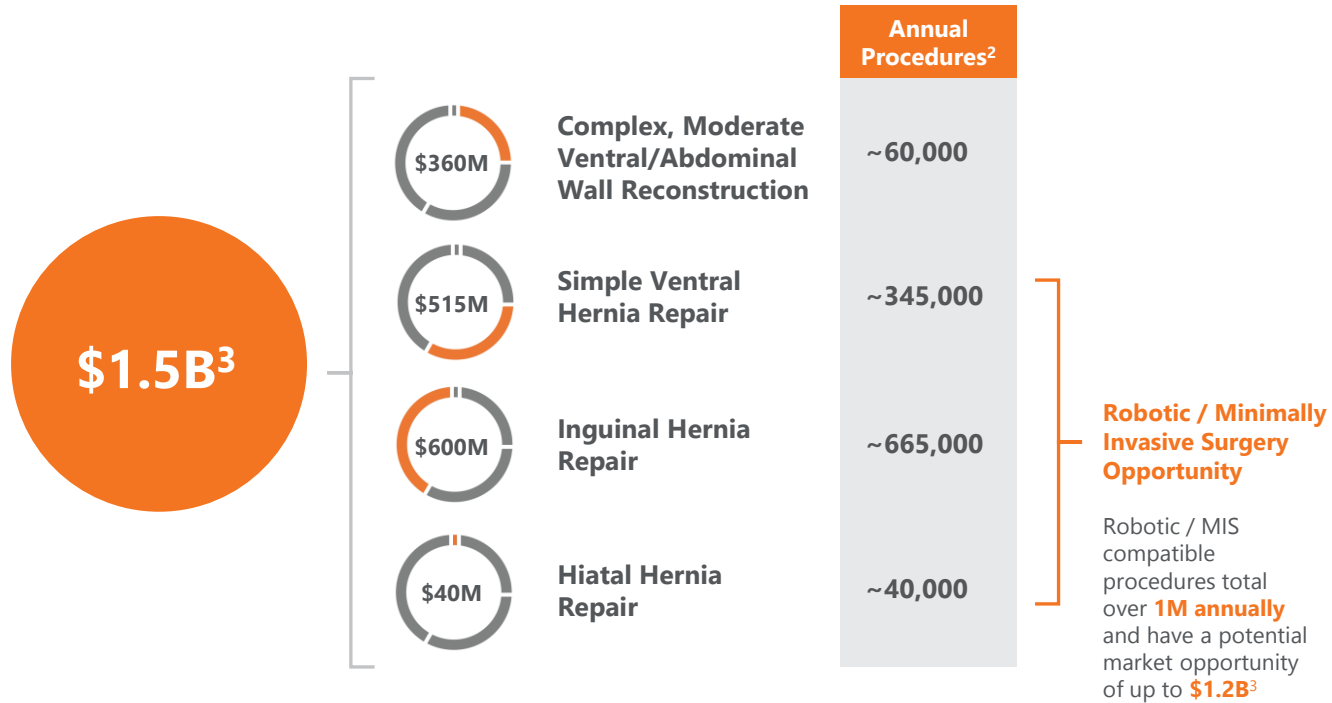
Wounds by Etiology and Volume



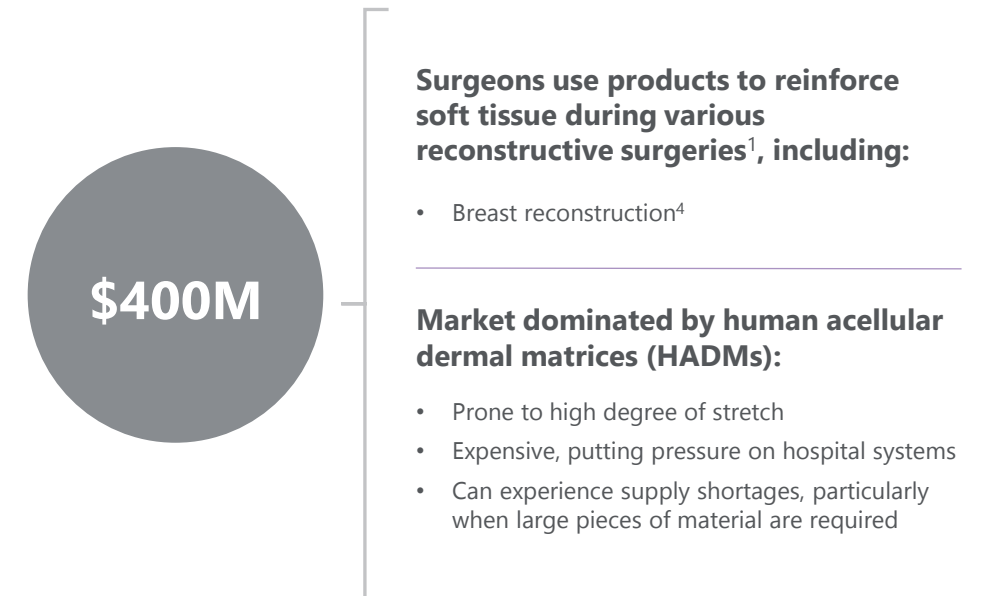
1. Management's estimate based on 2022 market sales data (Idata, Soft Tissue Repair Market 2022) 2. BioMedGPS LLC, SmartTRAK®, 2018 3. NetHealth (Tissue Analytics) Outpatient data.

OviTex & OviTex PRS – Market Potential¹

U.S. Hernia Surgery Market:
~\$1.5 Billion Annual Opportunity



U.S. Plastic & Reconstructive Surgery Market:
~\$700 Million Annual Opportunity



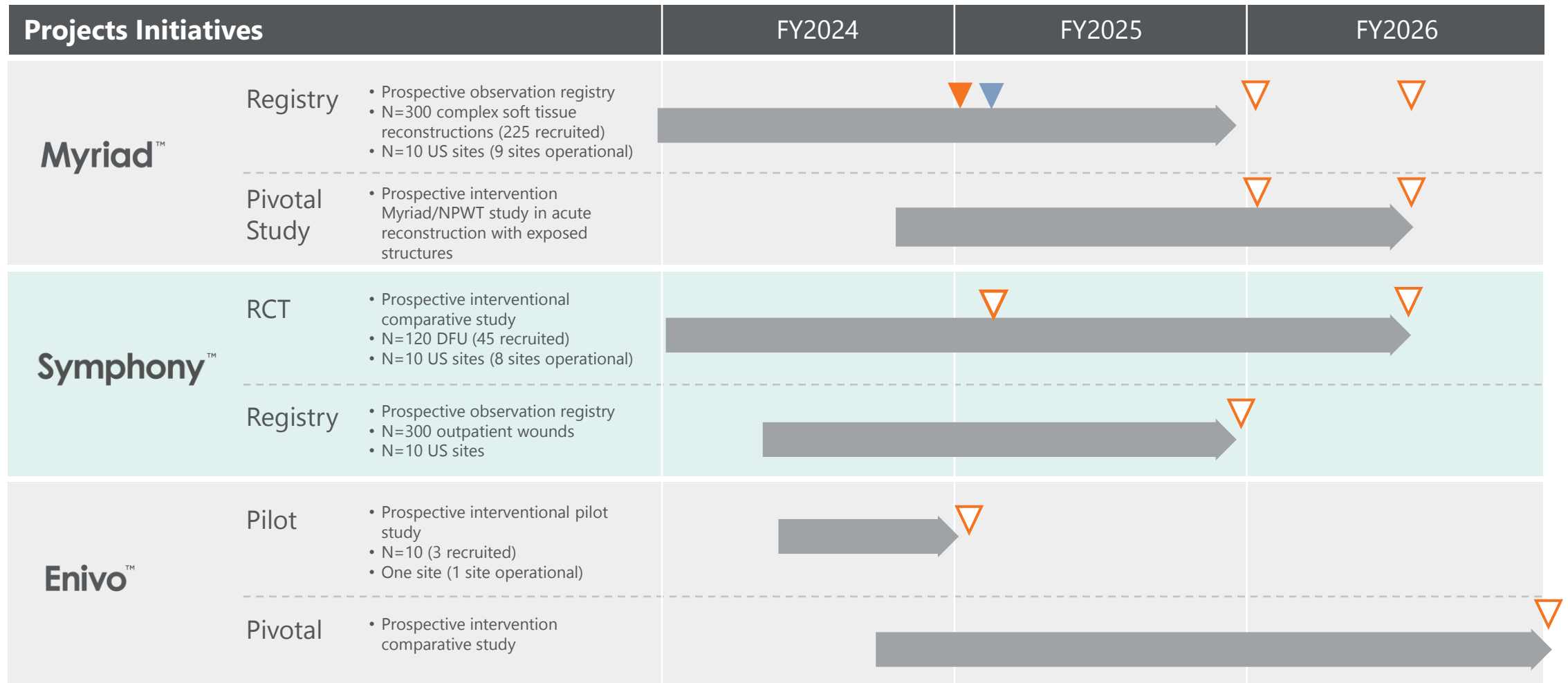
1. Information derived from TELA Bio investor presentation dated November 2023. The slight variation in TAM figures reflects differing source data.

2. TELA Bio identified sources: Millennium Research Group Reports, IMS Health Data; iData Research MedSKU.

3. TELA Bio Management estimate (market size based on volume and weighted average selling price for OviTex).

4. Licensed to TELA Bio for breast reconstruction.

Clinical Research

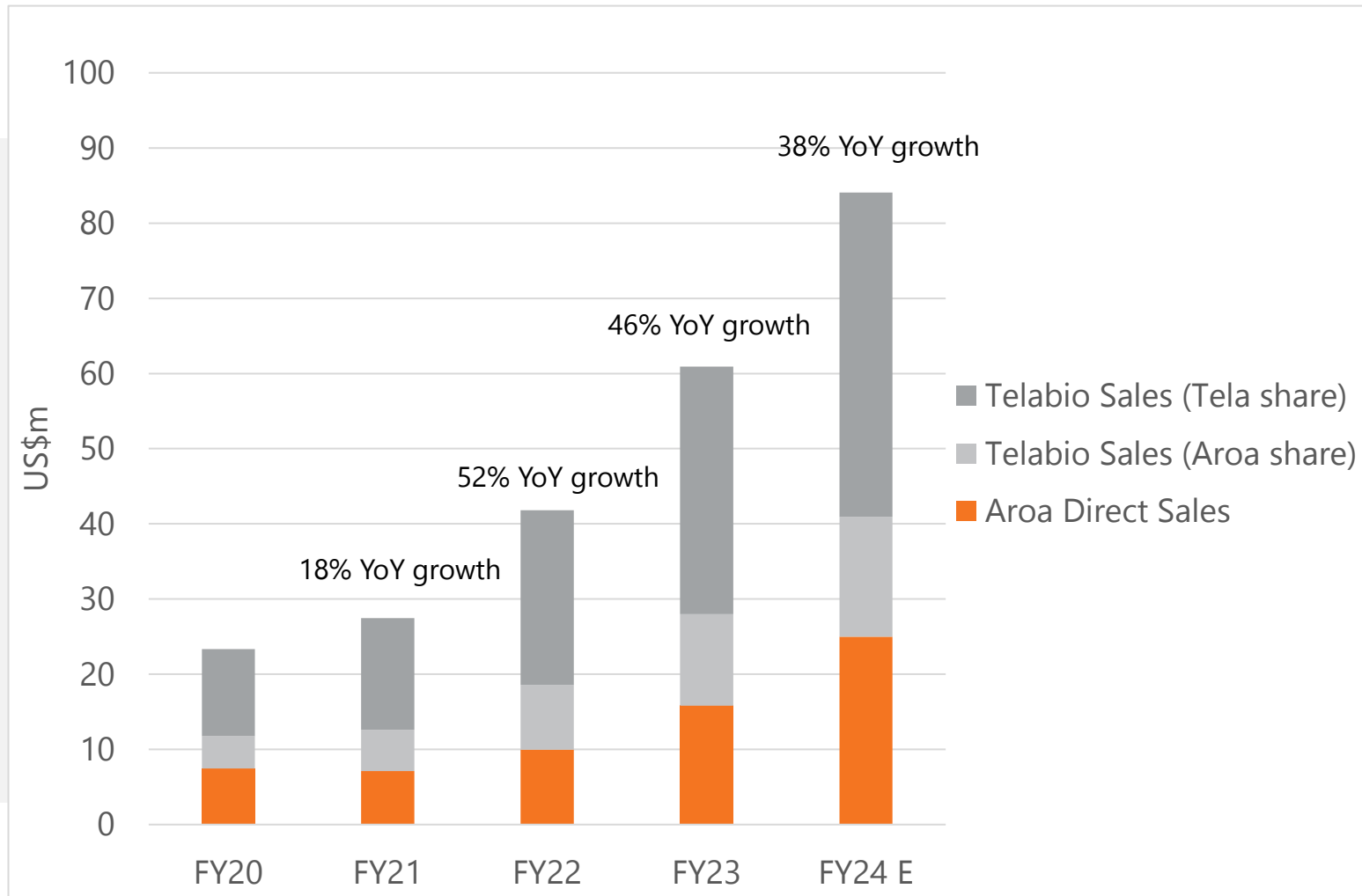


 Study reporting

 Extremities publication

 Trauma publication

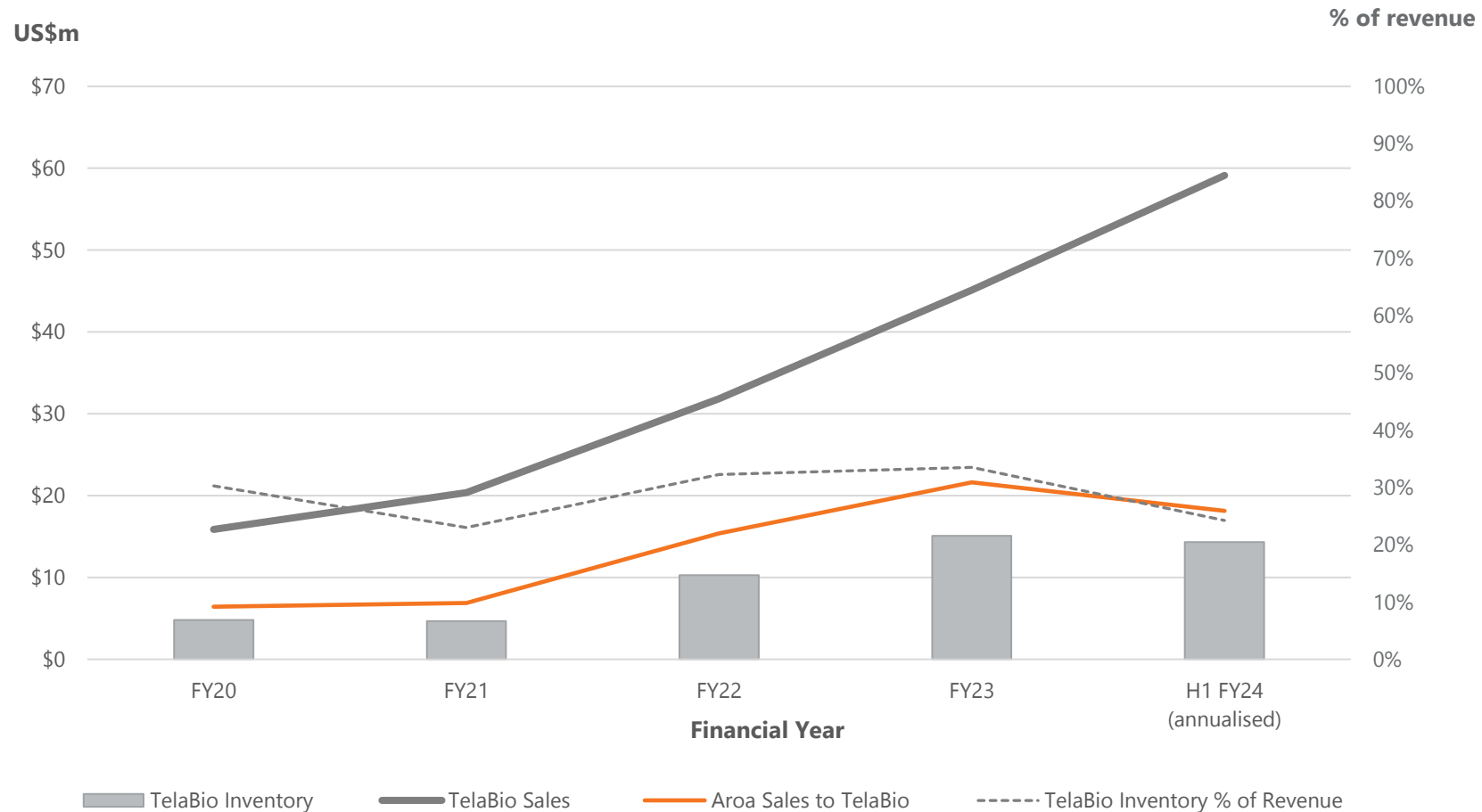
Total AROA ECM sales



- AROA Direct Sales represents product revenue from portfolio excluding OviTex/OviTex PRS.
- AROA receives ~ 27% of TELA Bio's net product sales of OviTex/OviTex PRS.

FY24 data is an estimate only. TELA Bio's FY24 sales have been estimated by multiplying sales for the period 1 April to 30 September, by two (2). TELA Bio sales data obtained from <https://iFr.telabio.com/>. AROA's share is shown as an approximate only.

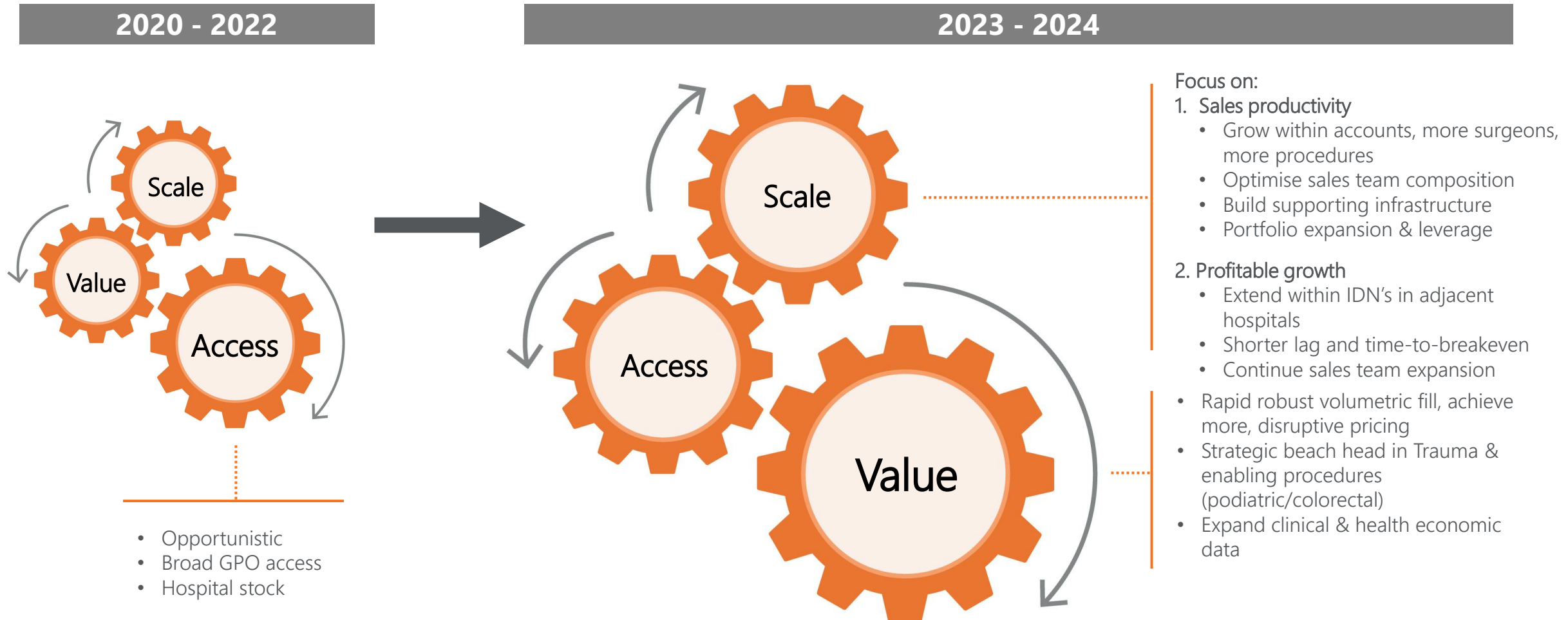
TELA Bio Sales & Inventory



Reference to FY represents AROA's Financial Year 1 April to 31 March. H1 FY24 sales have been annualised by multiplying the sales for period 1 April to 30 September and multiplying by two (2).

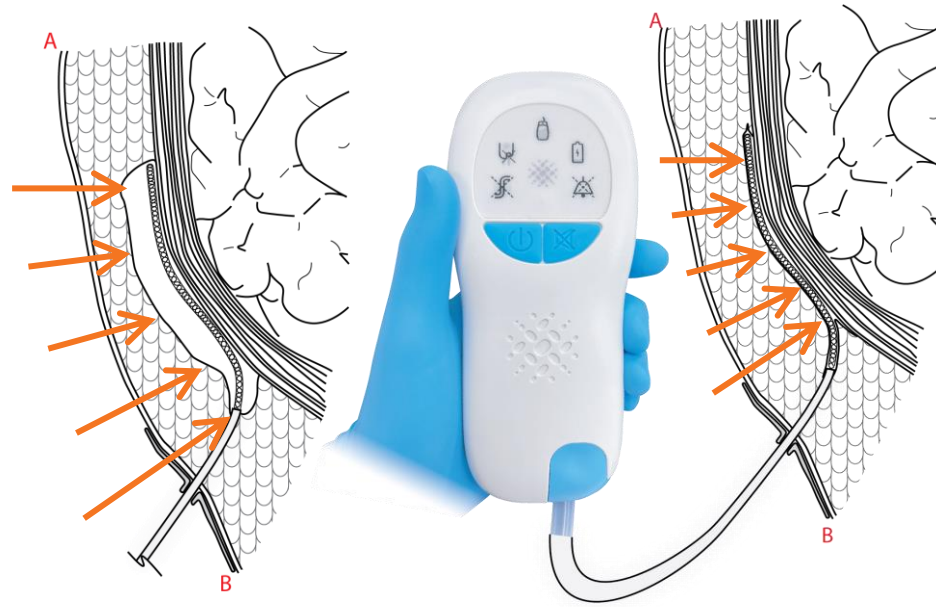
AROA sales growth

Validating and optimizing the sales model



Enivo¹ – tissue apposition platform

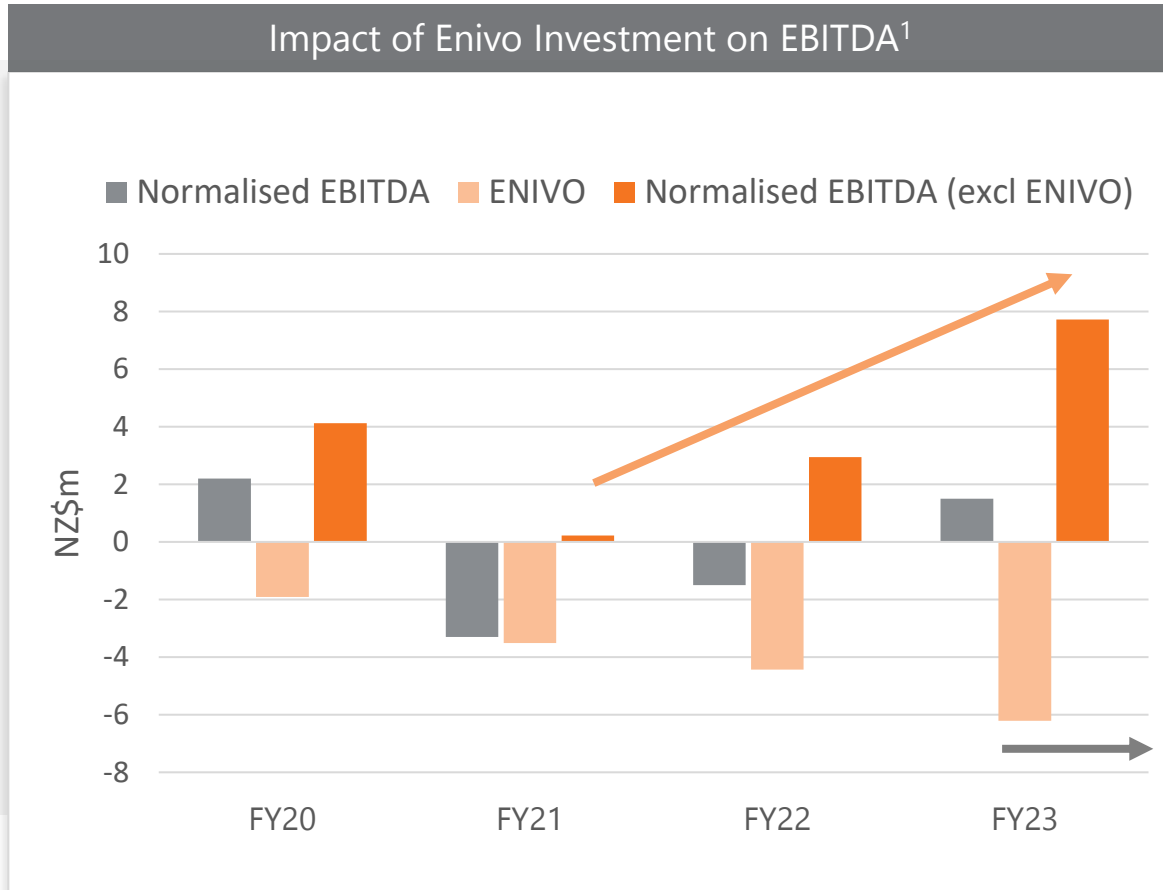
Expected to improve the rate and quality of tissue healing with fewer complications



- Complements AROA ECM products
- 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 in preclinical model.²
- **FDA 510K clearance:** for Enivo™ pump and catheter, key components of the Enivo Tissue Apposition Platform

1. New product platform, not yet available for sale. US regulatory clearance received to date for certain components of the Enivo system.
 2. Mason, I. T., et al. (2022). Evaluation of Tissue Apposition and Seroma Prevention in an Ovine Model of Surgical Dead Space Using a Novel Air-Purged Vacuum Closure System. *Eplasty*, 22. <https://www.hmpgloballearningnetwork.com/site/eplasty/original-research/evaluation-tissue-apposition-and-seroma-prevention-ovine-model>.

Investing to transform clinical outcomes



- Enivo TAM >US\$1B (management estimates)
- Business highly profitable (normalised) 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

1. The investment in Enivo is presented net of Government grants and income tax incentives.

FY24 Guidance¹



NZ\$72-75m

Product Revenue

(YoY growth 19 – 24%)
Total revenue ~ NZ\$73-76m



85%

Product Gross Margin



NZ\$1-2m

Normalised EBITDA

1. Updated FY24 guidance is presented on a reported basis, reflects an expected NZ\$/US\$ exchange rate of 0.62 for H2 FY24 and is subject to TELA Bio delivering on its CY23 revenue guidance of US\$57-60 million (reflecting 38-45% growth over CY22).

H2 FY24¹ - Revenue growth & profitability

H1 FY24 Actual		H2 FY24 Forecast		FY24 Guidance ¹
NZ\$31m Product Revenue NZ\$32m Total Revenue		NZ\$41-44m Product Revenue NZ\$40-44m Total Revenue		NZ\$72-75m Product Revenue NZ\$73-76m Total Revenue
84% Product Gross Margin	+	86% Product Gross Margin	=	85% Product Gross Margin
(NZ\$3m) Normalised EBITDA		NZ\$4-5m Normalised EBITDA		NZ\$1-2m Normalised EBITDA

Step change in financial performance for H2 FY24

- Myriad to continue momentum
- Realignment of OviTex and OviTex PRS sales with TELA Bio's sales trajectory.
- Significant step up in Normalised EBITDA

1. The H2 FY24 forecast and updated FY24 guidance is presented on a reported basis, reflects an expected NZ\$/US\$ exchange rate of 0.62 for H2 FY24 and is subject to TELA Bio delivering on its CY23 revenue guidance of US\$57-60 million (reflecting 38-45% growth over CY22).

Financial outlook¹- Revenue growth & profitability

FY24 Guidance



NZ\$72-75m

Product Revenue
(YoY growth 19 – 24%)



85%

Product Gross Margin



NZ\$1-2m

Normalised EBITDA

FY24+ 3 years



25%+ CAGR

Product Revenue



~88%

Product Gross Margin



20%+

**Normalised EBITDA
Margin**

- Myriad, a key driver to growth, with Symphony complementing growth from FY24.
- Product gross margins continue to increase from ongoing sales growth of high margin AROA products and increasing manufacturing efficiencies.
- SG&A decreasing as a % of sales, with increasing sales productivity and operating scale.
- R&D a relatively fixed cost, decreasing over the next 3 years to ~10% of sales.
- EBITDA margin expected to substantially improve, alongside an ongoing commitment to invest in long-term revenue growth.

1. Updated FY24 guidance is presented on a reported basis, reflects an expected NZ\$/US\$ exchange rate of 0.62 for H2 FY24 and is subject to TELA Bio delivering on its CY23 revenue guidance of US\$57-60 million (reflecting 38-45% growth over CY22). The remaining information on this slide reflects Management's expectations regarding future trajectory. Given the time horizon, actual results may differ materially.

FY24 Catalysts & Milestones



AROA Sales Momentum

Myriad is the major growth driver.



TELA Bio Sales Momentum

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



Enivo FDA clearance

Parallel initiatives being progressed to expedite FDA clearance



Physician Office CTP Reimbursement Changes



Q&A

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Unlocking regenerative healing for *everybody*

