

## CHAIRMAN'S ADDRESS – 2024 AGM

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Soft tissue regeneration company Aroa Biosurgery Limited (ASX: ARX, 'AROA' or the 'Company') is pleased to release the Chairman's Address being presented at the Company's 2024 AGM.

### **The last year**

I thought it worthwhile to re-emphasise the attributes that give us great confidence in the future of the company. Our success is centred around providing clinically effective products that both improve patient outcomes and lower hospital costs, in large target markets. And so, allow us to build a large successful business for our shareholders.

So how are we doing?

### **Confidence in our technology and products**

Our business is based on applying our core AROA ECM technology across a wide range of clinical uses and now spans four product portfolios. The clinical results in all areas reinforce the effectiveness of our technology. Over six million AROA devices have been applied in treating patients. There are now 83 peer-reviewed clinical publications and an expanding library of real-life case studies. We are investing substantially in clinical studies, as we need this to achieve broader uptake in our target markets.

The studies observe how our products compare to standard of care and competitor alternatives. As healthcare budgets come under increasing strain, hospitals and other health service providers must achieve more with less. The combination of effective clinical outcomes that also lower overall costs to hospitals distinguishes us. We are seeing examples of lower cost of care in many procedures and expect to leverage the study data to demonstrate the financial benefits of our products, through lower complication rates and faster healing times. Dr Barnaby May, our Chief Scientific Officer, will shortly provide an update on these studies and anticipated highlights in the upcoming year.

### **Positioning and scale of addressable markets for our products**

We estimate the market for AROA ECM-based products in trauma, general surgery, hernia and breast reconstruction - the areas we are already serving - to exceed US\$3 billion. So, we are only scratching the surface. The challenges for medical practitioners and hospitals replacing existing products are significant so the rate of uptake for our products is not easy to predict. But as I have just noted our strategy of demonstrating value to both patients and hospitals is key. We are seeing this in the consistent growth of TELA Bio sales as well as AROA direct.

The Company has contracts in place with all four of the largest US group purchasing organisations, enabling more than 95% of US hospitals to access our products. We are seeing deeper penetration within existing accounts and increasing average sales representative productivity across all categories of tenure. TELA Bio had a head-start with establishing its sales team and is also on a strong growth trajectory. In May, TELA Bio delivered its 13<sup>th</sup> consecutive quarter of at least 35% year-on-year growth, and they are forecasting full-year revenue of US\$74.5-\$76.5 million.



A few words about last year's sales performance and the outlook for this year. FY24 AROA direct sales continued to perform well, led by Myriad growth of 73%. Our sales to TELA Bio were down as they reduced inventory in the first six months of the year. This meant we shipped less product in spite of TELA Bio's sales continuing to grow. As a result, our total sales for the year were below initial guidance, despite the increasing uptake in both our distribution channels. More recently our sales via TELA Bio are more in line with their market performance and so our overall sales increasingly reflect this as Brian will show in his address.

### **We are building a highly valuable business**

We are determined to build a very valuable business. We set our targets for AROA in a classical financial manner. That is, we target market share, pricing, margins and costs in all existing and new product markets and so set a target of Net Present Value that will lead to a very valuable business. This may seem obvious, but you can be assured we are aiming high.

### **People**

I would like to take this occasion to thank everyone working for us in AROA for their contributions over the last year. One of the benefits of maturing is that we can build on the experienced and capable people who have got us here and secure high-class additional talent. So, we see no limitation on attracting and retaining the skills we need for the next stage of our journey.

### **Your Board**

Turning to your Board. Steven Engle retired in March this year. Steve played a valuable role in shaping the company's direction and was a pleasure to work with. Darla Hutton is a global commercial operations executive and is standing for election at this meeting. She brings significant on-the-ground sales and marketing experience in the medical devices sector, with crucial insights to drive sales of our products within the US and beyond. Per our director rotation policy, Philip McCaw and John Pinion are also retiring by rotation and offering themselves up for re-election today.

### **Closing remarks**

I will now hand over to Dr Barnaby May and Brian Ward, but before I do, I want to express my sincere appreciation to AROA's shareholders. As I've outlined, we are just getting started, so thank you for your continued support.

**Authorised on behalf of the Aroa Biosurgery Board of Directors by Jim McLean, Chair.**

### **Contact Details**

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### **About Aroa Biosurgery:**

Aroa Biosurgery is a soft-tissue regeneration company committed to 'unlocking regenerative healing for everybody'. We develop, manufacture, sell and distribute medical and surgical products to improve healing in complex wounds and soft tissue reconstruction. Our products are developed from a proprietary AROA ECM™ technology platform, a novel extracellular matrix biomaterial derived from ovine forestomach. AROA has commercialised four product families based on its AROA ECM technology, targeting chronic wounds, hernia, soft tissue, and breast reconstruction. Over 6 million AROA products have been used globally in a range of



procedures to date, with distribution into our key market of the United States via our direct sales force and our partner TELA Bio. AROA has regulatory approvals in more than 50 countries. Founded in 2008, AROA is headquartered in Auckland, New Zealand and is listed on the Australian Securities Exchange (ASX: ARX).

[www.aroa.com](http://www.aroa.com)