

AROA BIOSURGERY JUNE 2024 4C – COMMENTARY

FINANCIAL HIGHLIGHTS

- **Strong cash receipts from customers** of NZ\$17.8 million during the quarter.
- In line with expectations, net cash outflow from operations was NZ\$3.6 million for the quarter. This reflected typical post-financial year payments, large clinical expenses associated with the Symphony™ randomised clinical trial (**Symphony RCT**), and a planned operating loss for the quarter. The Company expects to be operating cash flow positive in H2 FY25.
- Net cash outflow from investing activities was NZ\$1.6 million for the quarter, primarily reflecting the planned investment into additional manufacturing plant & equipment capacity.
- **Strong cash balance** of NZ\$23.9 million as at 30 June 2024.
- FY25 revenue guidance¹ **maintained at NZ\$80-87 million** (21-32% constant currency² growth on FY24).
- FY25 normalised³ EBITDA profit guidance¹ **maintained at NZ\$2-6 million**.

OPERATIONAL HIGHLIGHTS

- Momentum behind AROA's US commercial operations continues to build; delivering 11% quarter-on-quarter growth in Myriad™ active accounts to 242, and a 17.5% quarterly increase in average sales by representatives who have been with us for a year or less.
- Ex-US sales continue to perform strongly; regulatory approval received to sell Myriad Matrix™ in Taiwan, Endoform™ and Myriad Matrix now available in Switzerland and distributors appointed to sell the Endoform and Myriad family of products in Chile and South Africa.
- Enrollment into the Symphony RCT completed (n=120).
- MASTRR study extended to 15 sites and 800 patients (previous target of 10 sites and 300 patients). AROA will leverage data from the 300 enrollments completed to date to publish study results based on sub-group analysis of specific procedures from ~Q2 FY25.
- AROA will host a webinar to discuss these results today at 9 a.m. AEST. [Click here](#) to register.

Soft tissue regeneration company Aroa Biosurgery Limited (ASX: ARX, 'AROA' or the 'Company') is pleased to provide an update on its activities for the quarter ended 30 June 2024.

Financial commentary and outlook

Cash receipts from customers of NZ\$17.8 million for the quarter remained strong and in line with expectations.

Net cash outflows from operations were NZ\$3.6 million for the quarter, reflecting the typical post-financial year payments and the planned operating loss for the quarter. This also reflects the payment of large clinical expenses associated with the Symphony RCT, an 18-month multi-center study assessing Symphony's efficacy in treating diabetic foot ulcers. The majority of the expenses associated with this

¹ Assumes an average NZ\$/US\$ rate of 0.64 and is subject to TELA Bio, Inc. (**TELA Bio**) delivering on its CY24 guidance of US\$74.5-76.5 million (representing 27-31% growth on CY23).

² Constant currency removes the impact of exchange rate movements. This approach is used to assess the AROA group's ('Group') underlying comparative financial performance without any distortion from changes in foreign exchange rates, specifically the US\$. All references in this announcement to 'constant currency' or 'CC' are as set out in this footnote.

³ Normalised revenue and 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 the one-off transactions. The impact of non-cash share-based payment expenses and unrealised 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 to normalised EBITDA in this announcement are as set out in this footnote.



study will be cleared by H1 FY25. The Company expects to be operating cash flow positive in H2 FY25.¹

Net cash outflows from investing activities for Q1 FY25 were NZ\$1.6 million, primarily reflecting AROA's planned investment into additional manufacturing plant & equipment capacity.

AROA ended the quarter with a strong cash balance of NZ\$23.9 million, and the Company is debt-free.

In accordance with ASX Listing Rule 4.7C.3, AROA advises that an aggregate amount of NZ\$164,000 was paid during the quarter to the Company's six non-executive directors for directors' fees.

AROA maintains its FY25 revenue and normalised EBITDA profit guidance of NZ\$80-87 million and NZ\$2-6 million respectively.¹

Sales

The building momentum behind AROA's US commercial operations continues, delivering 11% quarter-on-quarter growth in Myriad active accounts to 242. As previously communicated, sales productivity is a key area of focus and the Company continues to see improvements, including a 17.5% increase in average sales by US field representatives who have been with us for a year or less.

AROA's ex-US sales continue to perform strongly. The Company has now received regulatory approval to sell Myriad Matrix in Taiwan, and Endoform and Myriad Matrix are now available in Switzerland. AROA is also pleased to report that we have appointed distributors to sell the Endoform and Myriad family of products in Chile and South Africa.

The Company's sales and clinical teams attended or presented at 16 major industry conferences around the world. This included the American Burn Association's Symposium on Advanced Wound Care (Spring), the Mattox Trauma, Critical Care & Acute Surgery 2024 (US) and the world's largest wound care conference, European Wound Management Association 2024.

Clinical evidence

The efficacy of AROA's products is to date supported by 83 peer-reviewed publications and over 156 conference proceedings. The evidence validates the key competitive advantages of AROA ECM™ technology.

The Company is investing in several large-scale clinical studies to accelerate sales and capitalise upon the market opportunity for AROA's products. The studies progressed well during the quarter.

We enrolled an additional 30 participants into the Symphony RCT during the period, and enrollment for that study is now complete. Following the achievement of target enrollment (n=300) into the MASTRR study by the end of FY24, the Company has extended the study to include a further five sites (to fifteen) and to enroll up to 800 patients. The MASTRR study evaluates the use of Myriad Matrix and Myriad Morcells™ in a wide range of surgical specialties and procedures. Leveraging the enrollments completed to date, AROA expects to commence publishing study results based on sub-group analysis of specific procedures from ~Q2 FY25.

Investor Relations

AROA maintained an active investor relations schedule during the period, including presentations at the 2nd Annual Wilsons and CIP Rapid Insights Conference (Queenstown, New Zealand) and webinars with Sharewise.com.au and strawman.com.



Annual Reporting

The Company published its 2024 Annual Report during the quarter and held its Annual General Meeting of shareholders on Tuesday, 23 July 2024. Please click [here](#) to view the Annual Report and click [here](#) to view the AGM presentation.

Quarterly webinar

The Company will hold a webinar with CEO Brian Ward and CFO James Agnew today, Wednesday 24 July at 9 a.m. AEST to discuss the June Quarterly Results.

Investors can register for the webinar via the following link:

https://us02web.zoom.us/webinar/register/WN_a7xGJEAFS-ayAtVdChzTsA

Questions can be submitted prior to the webinar to investor@aroa.com or live, via the Q&A function on Zoom.

<ENDS> Authorised on behalf of the Aroa Biosurgery Board of Directors by Brian Ward, CEO.

Contacts

Investor Relations

investor@aroa.com

Media

sarah.tora@aroa.com

About AROA™

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 (sheep) forestomach.

Over 6.5 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, Inc. Founded in 2008, AROA is headquartered in Auckland, New Zealand and is listed on the Australian Securities Exchange (ASX: ARX). www.aroa.com

About Myriad™

Myriad Matrix™ is an extracellular matrix graft, composed of AROA ECM and designed for soft tissue reconstruction and complex wounds. Myriad Morcells™ is a morcellised version of Myriad Matrix that easily conforms to optimize contact with irregular wound beds. Myriad Morcells Fine is a morselized conformable ECM graft that can be used either by itself or synergistically with Myriad Matrix.

About Endoform™

Endoform™ products are unique extracellular matrix products, composed of AROA ECM, for the management of acute and chronic wounds.



About Symphony™

Symphony is a combination cellular and tissue product comprising AROA ECM with hyaluronic acid. It is designed to facilitate the regeneration of functional tissue and the combination of AROA ECM and hyaluronic acid acts synergistically to drive wound closure. Symphony is typically used in diabetic, venous and pressure ulcers alongside a wide array of other acute and chronic surgical and traumatic wounds.

About Enivo™

This is a new Tissue Apposition Platform which AROA is developing, designed to close tissue cavities at a surgical site created by surgical dissection or tissue removal. It is comprised of a specially designed AROA ECM implant that is coupled to an external single-use negative pressure pump.

When the product is deployed, the tissue surfaces are drawn together, held in place and tissue fluids are carried by the vacuum to an external fluid collection bag. AROA intends to develop and launch a new class of products utilising this new platform technology.

About OviTex™ and OviTex PRS

OviTex and OviTex PRS are reinforced bioscaffolds manufactured by AROA. The products are based on AROA ECM technology, co-developed with our partner, TELA Bio, Inc. (US) and sold by TELA Bio in the United States and Europe. TELA Bio is licensed to sell OviTex for abdominal wall reconstruction and hernia repair. Since the first hernia product was launched in 2016, the portfolio has expanded to include hernia products for minimally invasive surgery (robotic) and the launch of OviTex PRS (licensed to TELA Bio for breast reconstruction).

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Aroa Biosurgery Limited

ABN

ARBN 638 867 473

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	17,834	17,834
1.2 Payments for		
(a) research and development	(420)	(420)
(b) product manufacturing and operating costs	(1,594)	(1,594)
(c) advertising and marketing	(5,459)	(5,459)
(d) leased assets	(4)	(4)
(e) staff costs	(12,818)	(12,818)
(f) administration and corporate costs	(1,530)	(1,530)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	486	486
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund received / (paid)	(140)	(140)
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(3,645)	(3,645)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,183)	(1,183)
(d) investments	-	-
(e) intellectual property	(65)	(65)

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
(f) other non-current assets	(341)	(341)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash used in investing activities	(1,589)	(1,589)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	5	5
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (lease liability payments)	(368)	(368)
3.10 Net cash used in financing activities	(363)	(363)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	29,522	29,522
4.2 Net cash used in operating activities (item 1.9 above)	(3,645)	(3,645)
4.3 Net cash used in investing activities (item 2.6 above)	(1,589)	(1,589)
4.4 Net cash used in financing activities (item 3.10 above)	(363)	(363)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
4.5	Effect of movement in exchange rates on cash held	(36)	(36)
4.6	Cash and cash equivalents at end of period	23,889	23,889

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$NZ'000	Previous quarter \$NZ'000
5.1	Bank balances	5,889	11,522
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits less than 90 days)	18,000	18,000
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	23,889	29,522

6.	Payments to related parties of the entity and their associates	Current quarter \$NZ'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	164
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	954	158
7.3 Other (please specify)	-	-
7.4 Total financing facilities	954	158
7.5 Unused financing facilities available at quarter end		796
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Includes the following: N/A		

8. Estimated cash available for future operating activities	\$NZ'000
8.1 Net cash from operating activities (item 1.9)	(3,645)
8.2 Cash and cash equivalents at quarter end (item 4.6)	23,889
8.3 Unused finance facilities available at quarter end (item 7.5)	796
8.4 Total available funding (item 8.2 + item 8.3)	24,685
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 July 2024.....

Authorised by: By the board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.