

# INTERIM FINANCIAL REPORT TO 30 SEPTEMBER 2024

## APPENDIX 4D – ASX Listing Rule 4.2A

**Aroa Biosurgery Limited**

**ARBN 638 867 473**

### 1. Details of the interim reporting period and the previous corresponding interim period

Interim reporting period	30 September 2024
Previous corresponding interim period	30 September 2023

### 2. Results for announcement to the market

			Six months ended 30 September 2024 NZ\$000	Six months ended 30 September 2023 NZ\$000
2.1 Revenue from ordinary activities – Product sales	up	25%	39,092	31,186
Revenue from ordinary activities – Project fees	down	91%	64	685
2.2 Loss before tax from ordinary activities	down	53%	(2,905)	(6,165)
Normalised* loss before tax from ordinary activities	down	14%	(3,515)	(4,103)
2.3 Loss after tax and attributable to members	down	48%	(3,294)	(6,306)
2.4 Dividends			Nil	Nil
2.5 Record date for dividend entitlement			Not applicable	Not applicable

2.6 Brief explanation of figures 2.1 to 2.3:

Refer to the commentary included within our presentation of results within the interim condensed consolidated financial statements.

\*The normalised profit or loss is non-IFRS financial information and has been provided to assist users of financial information to better understand and assess the comparative financial performance without any distortion from NZ GAAP accounting treatment specific to unrealised foreign exchange gains and losses and the impact of non-cash share-based payment expenses. A reconciliation of normalised profit or loss and NZ GAAP profit or loss is provided on page 5 of the Interim Financial Report attached.

### 3. Net tangible assets

	30 September 2024	30 September 2023
Net tangible assets* (NZ\$000)	66,862	73,111
Total number of securities on issue**	344,900,256	343,441,402
Net tangible assets per security (NZ\$)	0.19	0.21

\* Net tangibles assets exclude all intangible assets and right of use assets, as reported within the Condensed Consolidated Statement of Financial Position.

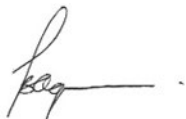
\*\*Total number of securities on issue excludes all share options on issue.

4. **Details of entities over which control has been gained or lost during the period:** Not applicable
5. **Details of dividends paid:** Not applicable
6. **Details of dividend reinvestment plans:** Not applicable
7. **Details of associates and joint venture entities:** Not applicable
8. **Set of accounting standards used in compiling:** NZ equivalent to International Financial Reporting Standards

This report is based on the interim condensed consolidated financial statements as at 30 September 2024, which have been reviewed by BDO Auckland (the Company's auditor) with the Independent Auditor's Review Report included in the 30 September 2024 interim condensed consolidated financial statements.

This report should be read in conjunction with the annual report for the year ended 31 March 2024 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Dated 26 November 2024



**James Agnew**  
Company Secretary



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**AROA BIOSURGERY LIMITED**

# Interim Condensed Consolidated Financial Statements

**30 September 2024**

Unlocking regenerative healing for *everybody*

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## DIRECTORS' REPORT

The Board of Directors of Aroa Biosurgery Limited (the **Company** or **AROA**) are pleased to present this report in respect of the half-year ended 30 September 2024 (the **Reporting Period**).

### DIRECTORS

The Company's Directors are detailed below.

Jim McLean	Independent Non-Executive Director and Chairman
Brian Ward	Managing Director and Chief Executive Officer
Catherine Mohr	Independent Non-Executive Director
Darla Hutton	Independent Non-Executive Director (appointed in March 2024)
John Diddams	Independent Non-Executive Director
John Pinion	Independent Non-Executive Director
Philip McCaw	Non-Executive Director
Steve Engle	Independent Non-Executive Director (retired March 2024)

### REVIEW OF OPERATIONS

During the reporting period, AROA delivered product sales growth of 25%, compared to H1 FY24, driven by robust growth within both the Myriad™ and Ovitex™ product families. The company remains focused on investment in growth and increased sales productivity to drive profitability and positive operating cashflows in the second half of FY25.

The Company is also focused on continuing to extend the body of clinical evidence for AROA ECM™ products to further accelerate sales growth. During the second half of FY25, AROA expects to see publication of several clinical studies demonstrating the efficacy of Myriad across a range of procedures, including trauma (4), limb salvage (1) and colorectal surgery (4).

As previously signalled, AROA expects to be operating cashflow positive in H2 FY25, with a full year normalised EBITDA profit of ~NZ\$2-\$6 million. The Company has a cash balance of NZ\$21.6 million and is adequately funded for ongoing operations.

### RESULTS

During H1 FY25, AROA continued to focus on increasing both sales productivity and penetration within existing accounts as key drivers of growth, which is reflected in sales performance.

Top-line growth was led by sales of the high-margin Myriad product family which grew by 45% on H1 FY24 to NZ\$14.8 million. Myriad accounted for 38% of H1 FY25 total product sales (up from 33% in H1 FY24) and 72% of AROA's direct sales mix (up from 62% in H1 FY24).

Productivity gains were seen across the whole sales organisation, including four field sales representatives at an average run rate of at least US \$1,000,000 (up from two in H1 FY24). The company also reports six field sales representatives with an average run rate of at least US\$850,000. AROA ended the half year with 265 Myriad active accounts<sup>1</sup> (up from 218 at the end of FY24).

To support ongoing growth and productivity, the US sales leadership was reorganised. This includes the promotion of Regional Manager Mark Maerten to the new position of National Sales Director and the creation of two new sales regions, resulting in two additional internal promotions.

AROA ended H1 FY25 with 55 direct and inside US sales representatives, down from 58 in H2 FY24 which is primarily a reflection of vacancies created by internal promotions.

### FINANCIAL OUTLOOK

AROA maintains its FY25 guidance of NZ\$80-87 million in total revenue (an increase of 21-32% on FY24 on a constant currency basis) and NZ\$2-6 million in normalised EBITDA Profit.

The Company anticipates H2 FY25 total revenue of ~NZ\$43-\$50 million as sales of Myriad, Ovitex and Ovitex PRS continue to perform strongly. The Company expects H2 FY25 normalised EBITDA profit of ~NZ\$4-8 million. Guidance assumes an average NZ\$/US\$ exchange rate of 0.64 and is subject to TELA Bio delivering on its CY24 revenue guidance of US\$74.5-76.5 million.

<sup>1</sup> Represents accounts to which sales were made in the applicable period.

## DIRECTORS' REPORT (Continued)

### FINANCIAL OUTLOOK (CONTINUED)

TELA Bio Inc. (**TELA Bio**), AROA's US commercial partner for hernia and breast reconstruction products (OviTex and Ovitex PRS) continues to experience strong growth, recently reporting<sup>2</sup> Q3 2024 as its best quarter on record, and reiterating full year revenue guidance of USD \$74.5 - \$76.5 million for 2024, representing 27% to 31% year-over-year growth. AROA receives 27% of TELA Bio's net product sales of the licensed products.

TELA Bio's inventory reductions within FY24 are now well behind us and their demand for OviTex and Ovitex PRS from AROA is now tracking in line with sales. TELA Bio's sales for H1 FY25 grew 19% compared to H1 FY24.

### CLINICAL EVIDENCE

The Company continued to bolster clinical evidence for the AROA ECM platform, with 8 peer-reviewed studies published during the reporting period and a total of 87 peer reviewed studies published to date.

Target enrolments for the Myriad Augmented Soft Tissue Reconstruction Registry (**MASTRR**) (n=300) were completed towards the end of FY24. The success of this registry as an effective mechanism for collecting prospective clinical data has led AROA to continue and extend it to include an additional 5 sites, taking the total to 15, and target enrolments to 800 patients. MASTRR is AROA's largest prospective study to date, evaluating Myriad Matrix™ and Myriad Morcells™ (including short and long-term healing outcomes) in a wide range of surgical specialties and procedures.

The Company is pleased to announce that the first peer-reviewed study associated with MASTRR has been accepted for publication by leading scientific journal, *Plastic and Reconstructive Surgery – Global Open*. The study, evaluating the safety and efficacy of Myriad Matrix and Myriad Morcells in limb salvage via surgical reconstruction is expected to be published by the beginning of Q4, FY25.

Enrolments in the Symphony Randomised Clinical Trial (**RCT**) were completed (n=120), and the Company expects to begin publishing study results based on sub-group analysis of specific procedures during H2 FY25.

### ENIVO™

As previously communicated, AROA remains committed to activities supporting commercialisation of the Enivo platform. The Company is engaging with the FDA to confirm design requirements of further clinical studies and expects to provide an update to the market on costs and timeframes early in CY25.

Enivo represents a significant commercial opportunity, in addition to an estimated total addressable market (**TAM**) of over US\$1 billion<sup>3</sup>. The technology represents a unique opportunity to address a currently unmet market need and leverage synergies with the existing AROA ECM™ portfolio to deliver a step change in healing outcomes.

### OTHER UPDATES

AROA continues to expand its global presence, with regulatory approval received for Taiwan, Argentina and Egypt during the reporting period. In addition, Myriad Matrix is now available in Switzerland and distributors have been appointed in Chile and South Africa.

During the reporting period, AROA's sales and clinical teams attended or presented alongside Key Opinion Leaders at 25 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), the American Association for the Surgery of Trauma Annual Meeting (US), the International Society for Burns Biennial Congress (UK) and the world's largest wound care conference, European Wound Management Association 2024.

<sup>2</sup>TelaBio press release dated 7 November 2024

<sup>3</sup> Management estimates.

## DIRECTORS' REPORT (Continued)

In April, AROA won the 'Supreme Business Excellence' and 'Excellence in Innovation' categories at the 'Best of the Best 2023' division of the annual 2degrees Auckland Business Awards.

In September, global certification organisation, DEKRA successfully completed its annual on-site audit of AROA's two Auckland manufacturing sites.

During the reporting period, the Company continued focusing on growing its profile across investment communities, by maintaining an active investor relations schedule, with presentations by Brian Ward (CEO) or James Agnew (CFO) at institutional conferences and appearances on retail investor focused podcasts. These included the 2nd Annual Wilsons and CIP Rapid Insights Conference (Queenstown, New Zealand), 18<sup>th</sup> Bioshares Biotech Summit, (Fremantle, Australia,) the ASX Small and Mid-Cap Conference (Sydney, Australia) and webinars with Sharewise.com.au and strawman.com.

## FINANCIAL RESULTS

### NORMALISED PROFIT OR LOSS<sup>1</sup>

	Reported H1 FY25 NZ\$000	Reported H1 FY24 NZ\$000	Reported YoY %	CC <sup>2</sup> H1 FY25 NZ\$000	CC <sup>2</sup> H1 FY24 NZ\$000	CC <sup>2</sup> YoY %
Product sales	39,092	31,186	25	37,326	29,426	27
Other revenue	64	685	(91)	59	634	(91)
<b>Total revenue</b>	<b>39,156</b>	<b>31,871</b>	<b>23</b>	<b>37,385</b>	<b>30,060</b>	<b>24</b>
<b>Gross profit</b>	<b>33,981</b>	<b>26,808</b>	<b>27</b>	<b>32,210</b>	<b>24,997</b>	<b>29</b>
<b>Product gross margin %</b>	<b>87%</b>	<b>84%</b>	<b>3 bps</b>	<b>86%</b>	<b>83%</b>	<b>3 bps</b>
Other income	592	970	(39)	592	970	(39)
Normalised selling and administrative expenses <sup>3</sup>	(33,162)	(27,482)	21	(31,926)	(26,605)	20
Research and development	(5,364)	(5,102)	5	(5,364)	(5,102)	5
<b>Total normalised operating expenses</b>	<b>(38,526)</b>	<b>(32,584)</b>	<b>18</b>	<b>(37,290)</b>	<b>(31,707)</b>	<b>18</b>
<b>Normalised EBIT</b>	<b>(3,953)</b>	<b>(4,806)</b>	<b>(18)</b>	<b>(4,488)</b>	<b>(5,740)</b>	<b>(22)</b>
<i>Add back: Depreciation &amp; amortisation</i>	2,445	2,139	14	2,445	2,139	14
<b>Normalised EBITDA</b>	<b>(1,508)</b>	<b>(2,667)</b>	<b>43</b>	<b>(2,043)</b>	<b>(3,601)</b>	<b>(43)</b>
Normalised net finance expenses <sup>3</sup>	438	703	(38)	416	726	(43)
<b>Normalised loss before income tax</b>	<b>(3,515)</b>	<b>(4,103)</b>	<b>(14)</b>	<b>(4,072)</b>	<b>(5,014)</b>	<b>(19)</b>

1. The normalised profit or loss is non-conforming financial information, as defined by the NZ Financial Markets Authority. It has been provided to assist users of financial information to better understand and assess the Group's comparative financial performance without any distortion from NZ GAAP accounting treatment. The Group has removed the impact of non-cash share-based payments expense and unrealised foreign currency gains or losses from the profit or loss. This approach is used by management and the Board to assess the Group's comparative financial performance.
2. Constant currency removes the impact of exchange rate movements. This approach is used to assess the Group's underlying comparative financial performance without any distortion from changes in foreign exchange rates, specifically USD. The NZ\$/US\$ exchange rate of 0.64 has been used in the constant currency analysis, representing the Group's internal budget rate.
3. These items have been normalised by the amounts outlined within the section headed 'Reconciliation of Normalised Profit or Loss to NZ GAAP Profit or Loss' below.

### Product sales

Product sales of NZ\$39.1 million for H1 FY25 were up 25%, compared to H1 FY24 (NZ\$31.2 million). On a constant currency basis, product sales for H1 FY25 were up 27%, compared to H1 FY24. Myriad sales of NZ\$14.8 million (NZ\$14.0 million on a constant currency basis) were up 45% (44% on a constant currency basis), compared to H1 FY24. OviTex and OviTex PRS sales of NZ\$18.4 million (NZ\$17.7 million on a constant currency basis) were up 23% (27% on a constant currency basis), compared to H1 FY24, primarily the result of TELA Bio. actively managing down their inventory holding during H1 FY24 and ongoing strong growth in TELA Bio's sales. Endoform sales of NZ\$5.6 million (NZ\$5.4 million on a constant currency basis) were down 5% compared to H1 FY24. Symphony sales contributed a modest amount to the balance of sales for H1 FY25.

## DIRECTORS' REPORT (Continued)

### FINANCIAL RESULTS (Continued)

#### Other revenue

Other revenue represents project fees income received for product development projects undertaken with TELA Bio. Other revenue of NZ\$0.1 million for H1 FY25 was down from NZ\$0.7 million in H1 FY24 as a result of less development work being undertaken with TELA Bio during the period.

#### Total revenue

Total revenue of \$39.2 million for H1 FY25 was up 23%, compared to H1 FY24 (NZ\$31.9 million). On a constant currency basis, total revenue H1 FY25 was up 24%, compared to H1 FY24.

#### Product gross margin %

Product gross margin of 87% (86% on a constant currency basis) for H1 FY25 increased 3% (3% on a constant currency basis), compared to H1 FY24, primarily due to the increasing sales mix of high margin Myriad products, improvements to manufacturing efficiencies and higher manufacturing economies of scale.

#### Normalised operating expenses

Selling and administrative expenses of \$33.2 million for H1 FY25 were up 21%, compared to H1 FY24 (NZ\$27.5 million). On a constant currency basis, selling and administrative expenses were up 20%, primarily reflecting increases to sales team headcount, increases in variable sales compensation, and increased clinical development activities (which includes the costs associated with the Symphony RCT).

Research and development expenses for H1 FY25 of \$5.4 million remained relatively constant, compared to H1 FY24 (NZ\$5.1 million).

#### Normalised EBITDA

AROA made a normalised EBITDA loss of NZ\$1.5 million, compared to a loss of NZ\$2.7 million in H1 FY24.

#### Cash Flows

Cash receipts from sales revenue of NZ\$37.7 million for H1 FY25 were up 27%, compared to NZ\$29.5 million in H1 FY24, reflecting the increase in product sales. Cash paid to suppliers and employees of \$43.0 million for H1 FY25 increased 13%, compared to \$38.2 million in H1 FY24, reflecting the increase in selling and administrative expenses. Net cash outflow from operating activities of NZ\$4.9 million for the half year decreased 33%, compared to H1 FY24 (NZ\$7.3 million).

Purchases of property, plant and equipment were NZ\$1.6 million for H1 FY25 compared to NZ\$2.1 million in H1 FY24, reflecting the investment in new plant and equipment to expand the Group's manufacturing capacity.

Net cash outflow from financing activities was NZ\$0.7 million for H1 FY25, compared to a net cash inflow from financing activities of NZ\$0.6 million for H1 FY24.

The Group remains debt-free with cash on hand and term deposits of NZ\$21.6 million, providing adequate cash reserves as the Group advances towards positive net cashflows.



## DIRECTORS' REPORT (Continued)

### FINANCIAL RESULTS (Continued)

#### RECONCILIATION OF NORMALISED PROFIT OR LOSS TO NZ GAAP PROFIT OR LOSS

	Unaudited 30 September 2024 NZ\$000	Unaudited 30 September 2023 NZ\$000
<b>Normalised loss before income tax</b>	<b>(3,515)</b>	<b>(4,103)</b>
Share based payments included in selling and administrative expenses	(973)	(890)
Unrealised currency gains / (losses) included in net finance income	1,583	(1,172)
<b>Loss before income tax (NZ GAAP)</b>	<b>(2,905)</b>	<b>(6,165)</b>

#### Share based payment expenses

Share based payment expenses of \$973,000 relate to the vesting of the share options issued to Directors and employees of the Group. Share based payment expenses of \$1.2 million relating to prior periods were reversed through accumulated losses, reflecting the forfeiture of employee share options during H1 FY25 (H1 FY24: NZ\$nil).

#### Unrealised currency gains

Unrealised foreign currency gains reflect net gains resulting from the revaluation of forward exchange contracts and revaluation of non-monetary assets and liabilities excluding cash balances.



**Jim McLean** - Chairman



**Brian Ward** – Chief Executive Officer

Dated this 26 November 2024

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 30 September 2024

	Notes	Unaudited 30 September 2024 NZ\$000	Unaudited 30 September 2023 NZ\$000
Revenue	3	39,156	31,871
Cost of sales		(5,175)	(5,063)
<b>Gross profit</b>		<b>33,981</b>	<b>26,808</b>
Other income		592	970
Selling and administrative expenses		(34,135)	(28,373)
Research and development		(5,364)	(5,102)
<b>Operating loss before net financing costs</b>	4	<b>(4,926)</b>	<b>(5,697)</b>
Finance income	5	3,758	1,892
Finance expenses	5	(1,737)	(2,360)
<b>Net finance income / (expenses)</b>		<b>2,021</b>	<b>(468)</b>
<b>Loss before income tax</b>		<b>(2,905)</b>	<b>(6,165)</b>
Income tax expenses		(389)	(141)
<b>Loss for the period attributable to shareholders</b>		<b>(3,294)</b>	<b>(6,306)</b>
<b>Other comprehensive income</b>			
<i>Items that will or maybe reclassified to profit or loss</i>			
Exchange (losses) / gains arising on translation of foreign operations		(169)	871
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income	12	(407)	(263)
<b>Total other comprehensive (loss) / income</b>		<b>(576)</b>	<b>608</b>
<b>Total comprehensive loss for the period attributable to shareholders</b>		<b>(3,870)</b>	<b>(5,698)</b>
<b>Earnings per share during the period:</b>			
Basic earnings per share (cents)	11	(0.96)	(1.84)
Diluted earnings per share (cents)	11	(0.96)	(1.84)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	Unaudited 30 September 2024 NZ\$000	Audited 31 March 2024 NZ\$000
<b>Current assets</b>			
Cash and cash equivalents	6	13,600	11,522
Term deposits	6	8,000	18,000
Derivative assets		2,010	-
Trade and other receivables	7	13,299	13,437
Inventories		9,210	8,104
Prepayments		1,758	1,816
Contract assets	3(a)	15,069	15,140
Income tax receivable		734	313
Financial assets at fair value through other comprehensive income	12	296	703
<b>Total current assets</b>		<b>63,976</b>	<b>69,035</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	16,431	15,769
Prepayments		93	104
Right of use assets		5,837	6,447
Intangible assets	9	19,348	19,702
<b>Total non-current assets</b>		<b>41,709</b>	<b>42,022</b>
<b>Total assets</b>		<b>105,685</b>	<b>111,057</b>
<b>Current liabilities</b>			
Trade and other payables		2,948	3,741
Derivative liabilities		-	1,061
Employee benefits		3,631	3,708
Lease liabilities		917	1,004
<b>Total current liabilities</b>		<b>7,496</b>	<b>9,514</b>
<b>Non-current liabilities</b>			
Provisions		176	174
Lease liabilities		5,966	6,431
<b>Total non-current liabilities</b>		<b>6,142</b>	<b>6,605</b>
<b>Total liabilities</b>		<b>13,638</b>	<b>16,119</b>
<b>Net assets</b>		<b>92,047</b>	<b>94,938</b>
<b>Equity</b>			
Share capital	13	146,838	146,798
Share based payment reserve	14	10,045	10,268
Foreign currency translation reserve		(848)	(679)
Equity investment reserve - FVOCI	12	296	703
Accumulated losses		(64,284)	(62,152)
<b>Total equity</b>		<b>92,047</b>	<b>94,938</b>

On behalf of the Board: 26 November 2024



**Jim McLean** - Chairman



**Brian Ward** – Chief Executive Officer

*The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes*

## CONDENSED CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

For the half-year ended 30 September 2024

	Notes	Share Capital \$000	Accumulated Losses \$000	Foreign Currency Translation Reserve \$000	Equity Investment Reserve - FVOCI \$000	Share Based Payment Reserve \$000	Total Equity \$000
<b>Balance as at 1 April 2024</b>		<b>146,798</b>	<b>(62,152)</b>	<b>(679)</b>	<b>703</b>	<b>10,268</b>	<b>94,938</b>
Loss for the period		-	(3,294)	-	-	-	(3,294)
Other comprehensive loss		-	-	(169)	(407)	-	(576)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>(3,294)</b>	<b>(169)</b>	<b>(407)</b>	<b>-</b>	<b>(3,870)</b>
<b>Transactions with shareholders</b>							
Share based payments	14	-	-	-	-	1,010	1,010
Employee shares forfeiture	14	-	-	-	-	(37)	(37)
Employee shares forfeiture through accumulated losses	14	-	1,162	-	-	(1,162)	-
Employee shares exercised	14	34	-	-	-	(34)	-
Repayment of employee loans for acquisition of shares	13	6	-	-	-	-	6
<b>Total transactions with shareholders</b>		<b>40</b>	<b>1,162</b>	<b>-</b>	<b>-</b>	<b>(223)</b>	<b>979</b>
<b>Balance as at 30 September 2024 unaudited</b>		<b>146,838</b>	<b>(64,284)</b>	<b>(848)</b>	<b>296</b>	<b>10,045</b>	<b>92,047</b>
<b>Balance as at 1 April 2023</b>		<b>146,491</b>	<b>(51,524)</b>	<b>(1,515)</b>	<b>1,260</b>	<b>7,179</b>	<b>101,891</b>
Loss for the period		-	(6,306)	-	-	-	(6,306)
Other comprehensive income		-	-	871	(263)	-	608
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>(6,306)</b>	<b>871</b>	<b>(263)</b>	<b>-</b>	<b>(5,698)</b>
<b>Transactions with shareholders</b>							
Employee shares exercised		87	-	-	-	(45)	42
Share based payments		13	-	-	-	890	903
<b>Total transactions with shareholders</b>		<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>845</b>	<b>945</b>
<b>Balance as at 30 September 2023 unaudited</b>		<b>146,591</b>	<b>(57,830)</b>	<b>(644)</b>	<b>997</b>	<b>8,024</b>	<b>97,138</b>

The above condensed consolidated statement of movements in equity should be read in conjunction with the accompanying notes

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 30 September 2024

	Notes	Unaudited 30 September 2024 NZ\$000	Unaudited 30 September 2023 NZ\$000
<b>Cash flows from operating activities</b>			
Cash receipts from sales to customers		37,646	29,537
Cash receipts from project fee and grant income		240	593
Cash paid to suppliers and employees		(42,960)	(38,167)
Interest received		966	1,009
Dividend received		-	1
Income tax paid		(761)	(274)
<b>Net cash outflows from operating activities</b>		<b>(4,869)</b>	<b>(7,301)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(1,565)	(2,111)
Purchase of intangible assets	9	(139)	(446)
Capitalised development costs	9	(487)	(640)
Proceeds from term deposits	6	10,000	5,134
<b>Net cash inflows from investing activities</b>		<b>7,809</b>	<b>1,937</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	13	16	58
Lease liability payments – principal payments		(492)	(385)
Lease liability payments – interest payments		(245)	(229)
<b>Net cash outflows from financing activities</b>		<b>(721)</b>	<b>(556)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>			
Effect of exchange rate fluctuations on cash and cash equivalents		(141)	335
Cash and cash equivalents at beginning of the period		11,522	9,540
<b>Cash and cash equivalents at end of the period</b>	6	<b>13,600</b>	<b>3,955</b>

Note: The Group has term deposits of \$8,000,000 (H1 FY24: \$30,000,000) as at the reporting date. In line with *NZ IAS 7 Statement of Cash Flows*, term deposits with an initial maturity of more than three months do not become part of cash and cash equivalent and are, therefore, excluded in the cash and cash equivalent position in the statement of cash flows (refer to note 6).

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the half-year ended 30 September 2024*

## 1. Basis of preparation

These condensed interim consolidated financial statements of Aroa Biosurgery Limited (the **Company**) and its subsidiaries (together the **Group**) for the half-year ended 30 September 2024 (the **reporting period**) have been prepared in accordance with the requirements of NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 March 2024. For the purposes of complying with generally accepted accounting practice in New Zealand, the Group is a for-profit entity.

The condensed interim consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand, unless otherwise stated.

The Group is a leading regenerative medicine company which develops, manufactures and sells medical devices for wound and soft tissue repair using its proprietary extracellular matrix (ECM) technology.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 64 Richard Pearse Drive, Airport Oaks, Auckland.

Aroa Biosurgery Incorporated is a subsidiary of Aroa Biosurgery Limited and is incorporated and domiciled in the United States. The address of its registered office is 9155 Brown Deer Rd, #2, San Diego, California 92121.

The condensed interim consolidated financial statements of the Group for the half-year ended 30 September 2024 comprise the Company and its two subsidiaries, Aroa Biosurgery Incorporated and Mesynthes Nominee Limited. All subsidiary entities have a reporting date of 31 March.

There is no effect of seasonality or cyclicity of interim operations.

Equity holding	Principal Activity	Place of Business	30 September 2024	30 September 2023
			%	%
Aroa Biosurgery Incorporated	Sales & Distribution	US	100	100
Mesynthes Nominee Limited	Nominee Shareholder	NZ	100	100

These unaudited condensed interim financial statements were authorised for issue by the Board of Directors on 26 November 2024.

## 2. Summary of material accounting policies

The Group has applied the same accounting policies and methods of computation in its condensed interim consolidated financial statements as in its 2024 annual financial statements.

### Use of estimates and judgements

The preparation of the condensed consolidated financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Significant estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates and judgements were made in respect of:

- TELA Bio Incorporated (**TELA Bio**) accrued revenue (contract assets)
- research and development tax incentive accrual
- the likely term of leased premises, which impacts leasehold improvements assets and right of use assets capitalised
- impairment assessment of intangible assets
- the value of development expenditure capitalised
- the value of share-based payments

### Going concern

The Group posted a net loss before tax of \$2,905,000 for the half-year ended 30 September 2024 (unaudited) (H1 FY2024 (unaudited): loss before tax of \$6,165,000). The Group posted total operating cash outflow of \$4,869,000 for the half-year ended 30 September 2024 (unaudited) (H1 FY2024 (unaudited): outflow of \$7,301,000).

The Directors have continued to apply the going concern assumption as the basis of the preparation of the condensed interim consolidated financial statements.

In reaching their conclusion that the going concern assumption is appropriate, the Directors have considered the ability to achieve financial performance and cash flow forecasts prepared by management and the sufficiency of the cash on hand as at the reporting date.

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

*For the half-year ended 30 September 2024*

### 2. Summary of material accounting policies (continued)

#### *New standards, interpretations and amendments not yet effective*

There are a number of standards, amendments to standards, and interpretations which have been issued that are effective for the six months ended 30 September 2024. These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of the Group.

The Group has not adopted, and currently does not anticipate adopting, any standards prior to their effective dates.

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## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 3. Revenue and segment information

	Unaudited 30 September 2024 \$000	Unaudited 30 September 2023 \$000
Sales of goods (USA)	37,665	29,786
Sales of goods (Rest of world)	1,427	1,400
Project fees (USA)	64	685
<b>Total revenue</b>	<b>39,156</b>	<b>31,871</b>
Revenue recognised point in time	39,092	31,186
Revenue recognised over time	64	685
<b>Total revenue</b>	<b>39,156</b>	<b>31,871</b>

#### Segment information

Revenues from external customers are from sales of goods and project fees.

The Group sells its products and services to external customers who are largely located in the United States of America (the **USA**).

For the purpose of the internal reporting provided to the chief operating decision makers, business activities, performances and any associated assets and liabilities are reviewed as a consolidated group.

Revenues of \$18,501,000 (H1 FY2024: \$15,617,000) are derived from a single external customer, being sales of products and services to TELA Bio, which is the Group's USA sales and distribution partner.

The Group held all of its non-current assets in New Zealand with an exception of the right-of-use assets of \$368,000 (H1 FY24: \$517,000) for the leasehold property and property, plant and equipment of \$181,000 (H1 FY24: \$221,000) in the USA as of the reporting date.

#### a. Revenue share

The Group's largest customer is TELA Bio who is the Group's sales and distribution partner for abdominal wall reconstruction and hernia repair and breast reconstruction in North America and Europe. The contract with TELA Bio entitles the Group to an agreed percentage of TELA Bio's net sales. This revenue is considered to be variable consideration (**revenue share**). The consideration is variable since the quantum of TELA Bio's inventory that is eventually sold and the price that it is sold at are uncertain.

The consideration from TELA Bio is received from a transfer price for the products shipped to TELA Bio, with the balance of the consideration received on quarterly true-up to the agreed percentage based on TELA Bio's net sales. The Group estimates the true-up on TELA Bio's inventory at the reporting date by using the expected value method. The estimation is based on information that is reasonably available to the Group which incorporates key factors including sales history, forecast revenue growth, expiry date of inventory held and average selling prices achieved by TELA Bio. The amount of variable consideration estimated is only recorded by the Group to the extent that it is highly probable that a significant amount of the cumulative revenue recognised will be received in the future. The amount receivable from TELA Bio at 30 September 2024 in relation to revenue share is \$15,069,000 (31 March 2024: \$15,140,000).



## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 4. Operating loss before net financing costs

Operating loss before net financing costs includes the following:

	Unaudited 30 September 2024 \$000	Unaudited 30 September 2023 \$000
Audit fees:		
Half year review fees paid to BDO	68	68
Half year other fee paid to BDO	14	10
Employee salaries	24,142	21,680
Employer contributions defined contribution superannuation scheme	1,536	1,311
Employee share-based payment benefits	973	890
Depreciation:		
Leasehold improvements	8	282
Plant and equipment	8	403
Furniture and fittings	8	36
Computer equipment	8	195
Right of use assets	549	472
Directors' fees	10	356
Insurance	760	707
Amortisation:		
Patents	9	71
Customer relationships	9	309
Reacquired rights	9	271
Capitalised development	9	329

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 5. Net finance income/(expenses)

Finance income and finance expenses have been accrued to the reporting date using the effective interest method.

	Unaudited 30 September 2024 \$000	Unaudited 30 September 2023 \$000
<b>Finance income</b>		
Interest received on bank balances – financial assets at amortised costs	665	967
<b>Other finance income</b>		
Foreign currency gain	22	-
Unrealised foreign currency gains	-	925
Unrealised foreign currency gains on derivative financial assets	3,071	-
<b>Total finance income</b>	<b>3,758</b>	<b>1,892</b>
<b>Finance expenses</b>		
Interest expenses – lease liabilities	(247)	(229)
<b>Other finance expenses</b>		
Unrealised foreign currency losses	(1,488)	-
Unrealised foreign currency losses on derivative financial liabilities	-	(2,120)
Finance costs – make good provision	(2)	(2)
Finance costs – financial liabilities at amortised costs	-	(10)
<b>Total finance expenses</b>	<b>(1,737)</b>	<b>(2,360)</b>
<b>Net finance income / (expenses)</b>	<b>2,021</b>	<b>(468)</b>

### 6. Cash and cash equivalents & term deposits

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term deposits with maturities of three months or less and bank overdrafts.

	Unaudited 30 September 2024 \$000	Audited 31 March 2024 \$000
Bank balances	13,600	11,522
<b>Total cash and cash equivalents</b>	<b>13,600</b>	<b>11,522</b>

During the year, the Group entered into short-term deposit arrangements with BNZ. The term deposits not yet matured as of the reporting date had an average rate of 6.18% (31 March 2024: 6.05%) per annum with a maturity of 3-12 months from the reporting date.

	Unaudited 30 September 2024 \$000	Audited 31 March 2024 \$000
Term deposits	8,000	18,000
<b>Total term deposits</b>	<b>8,000</b>	<b>18,000</b>

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 7. Trade and other receivables

Trade and other receivables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less provision for impairment.

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

	<b>Unaudited 30 September 2024 \$000</b>	<b>Audited 31 March 2024 \$000</b>
Trade receivables	11,375	11,446
Less provision for impairment of trade receivables	(266)	(309)
<b>Net trade receivables</b>	<b>11,109</b>	<b>11,137</b>
Other receivables	266	433
Other receivables – research and development tax incentive accrual	1,748	1,693
<b>Total current trade and other receivables</b>	<b>13,123</b>	<b>13,263</b>
GST receivable	176	174
<b>Total current trade and other receivables</b>	<b>13,299</b>	<b>13,437</b>

Trade receivables amounting to \$11,109,000 (31 March 2024: \$11,137,000) are shown net of impairment losses. Provisions have been made appropriately. Trade receivables are interest free. Trade receivables of a short-term duration are not discounted. Other receivables include an accrual of tax credit income relating to the Research and Development Tax Incentive program.

The aging analysis of trade receivables is as follows:

	<b>Unaudited 30 September 2024 \$000</b>	<b>Audited 31 March 2024 \$000</b>
Current	9,597	8,997
1 - 30 days overdue	939	1,286
30 - 60 days overdue	281	377
60 - 90 days overdue	87	246
90+ days overdue	471	540
<b>Total trade receivables</b>	<b>11,375</b>	<b>11,446</b>

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 8. Property, plant & equipment

	Lease- hold Improve- ments	Capital Work In Progress	Plant and Equip- ment	Fixture & Fitting	Computer Equip- ment & Software	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cost</b>						
Balance 1 April 2024	4,875	8,324	9,731	805	2,064	25,799
Additions	31	1,368	124	7	48	1,578
Transfers in / (out)	162	(1,377)	1,215	-	-	-
<b>Balance 30 September 2024</b>	<b>5,068</b>	<b>8,315</b>	<b>11,070</b>	<b>812</b>	<b>2,112</b>	<b>27,377</b>
<b>Accumulated Depreciation</b>						
Balance 1 April 2024	(2,131)	-	(6,004)	(392)	(1,503)	(10,030)
Depreciation	(282)	-	(403)	(36)	(195)	(916)
<b>Balance 30 September 2024</b>	<b>(2,413)</b>	<b>-</b>	<b>(6,407)</b>	<b>(428)</b>	<b>(1,698)</b>	<b>(10,946)</b>
<b>Net Book Value</b>						
Balance 1 April 2024	2,744	8,324	3,727	413	561	15,769
<b>Balance 30 September 2024</b>	<b>2,655</b>	<b>8,315</b>	<b>4,663</b>	<b>384</b>	<b>414</b>	<b>16,431</b>
<b>At 31 March 2024</b>						
<b>Cost</b>	4,875	8,324	9,731	805	2,064	25,799
<b>Accumulated depreciation</b>	(2,131)	-	(6,004)	(392)	(1,503)	(10,030)
<b>Closing net book value</b>	<b>2,744</b>	<b>8,324</b>	<b>3,727</b>	<b>413</b>	<b>561</b>	<b>15,769</b>

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 9. Intangible assets

	Patents & Trademarks	Customer relationships	Reacquired rights	Goodwill	Capitalised Developme- nt Costs*	Total
As at 30 September 2024	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cost</b>						
Balance 1 April 2024	2,255	5,563	9,772	5,538	4,150	27,278
Additions	139	-	-	-	487	626
<b>Balance 30 Sep 2024</b>	<b>2,394</b>	<b>5,563</b>	<b>9,772</b>	<b>5,538</b>	<b>4,637</b>	<b>27,904</b>
<b>Accumulated Amortisation</b>						
Balance 1 April 2024	(514)	(3,709)	(3,257)	-	(96)	(7,576)
Amortisation	(71)	(309)	(271)	-	(329)	(980)
<b>Balance 30 Sep 2024</b>	<b>(585)</b>	<b>(4,018)</b>	<b>(3,528)</b>	<b>-</b>	<b>(425)</b>	<b>(8,556)</b>
<b>Net Book Value</b>						
Balance 1 April 2024	1,741	1,854	6,515	5,538	4,054	19,702
<b>Balance 30 Sep 2024</b>	<b>1,809</b>	<b>1,545</b>	<b>6,244</b>	<b>5,538</b>	<b>4,212</b>	<b>19,348</b>
<b>As at 31 March 2024</b>						
Cost	2,255	5,563	9,772	5,538	4,150	27,278
Accumulated Amortisation	(514)	(3,709)	(3,257)	-	(96)	(7,576)
<b>Net book value</b>	<b>1,741</b>	<b>1,854</b>	<b>6,515</b>	<b>5,538</b>	<b>4,054</b>	<b>19,702</b>

\*Capitalised development costs are relating to projects that are currently in the development stage. The amortisation will commence when the developments are completed.

### 10. Related parties

- (i) **Subsidiaries**  
Interests in subsidiaries are set out in note 1.
- (ii) **Key management compensation**

Executive management team	Unaudited 30 September 2024 \$000	Unaudited 30 September 2023 \$000
Short term employee benefits	1,352	1,491
Employer contributions defined contribution superannuation scheme	34	34
Share based payment expenses	400	280
<b>Total</b>	<b>1,786</b>	<b>1,805</b>

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 10. Related parties (continued)

Non-executive directors	Unaudited 30 September 2024 \$000	Unaudited 30 September 2023 \$000
Short-term employee benefits	356	352
Share based payment expenses	75	166
<b>Total</b>	<b>431</b>	<b>518</b>

(i) **Period end balances**

There were no related party balance at half-year end other than loans provided to key management personnel for acquisition of Company shares prior to IPO of \$89,000 (March 2024: \$92,000).

(ii) **Transactions with related parties**

There were no other related party transactions during the period.

### 11. Earnings per share

Earnings per share has been calculated based on shares and share options issued at the respective measurement dates.

	Unaudited 30 September 2024 000	Unaudited 30 September 2023 000
<b>Numerator</b>		
Loss for the half-year after tax ("N") in \$	(3,294)	(6,306)
<b>Denominator</b>		
Weighted average number of ordinary shares used in basic EPS ("D1")	34,554	343,275
Effects of:		
Employee share options *	24,580	20,490
Period end number of shares used in diluted EPS ("D2")	344,554	343,275
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share (N/D1 x 100)	(0.96)	(1.84)
Diluted earnings per share (N/D2 x 100)	(0.96)	(1.84)

\* As employee share options are anti-dilutive, these were not included in the calculation of diluted earnings per share above for the current period.

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 12. Financial assets at fair value through other comprehensive income

The Group classifies the following financial assets at fair value through other comprehensive income (**FVTOCI**): Equity investments in relation the USA listed equity securities for the Group's investment in TELA Bio for which the Group has elected to recognise fair value gains or losses through other comprehensive income. TELA Bio is the Group's largest customer and trading partner where the investment is held on a long-term basis. The Group held 74,316 (March 2024: 74,316 shares) shares at a value of US\$2.53 per share as at the reporting date (March 2024: US\$5.67).

Financial assets measured at FVTOCI include the following:

	Unaudited 30 September 2024 NZ\$000	Audited 31 March 2024 NZ\$000
<b>US listed equity securities</b>		
Balance at beginning of the period	703	1,260
Changes in fair value through other comprehensive income	(407)	(557)
Balance at end of the period	296	703

The fair value of the listed equity securities is based on published market price (level 1 in the fair value hierarchy) and is revalued at the interim reporting date.

### 13. Share capital

#### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Ordinary shares have no par value.

	Unaudited 30 September 2024 \$000	Audited 31 March 2024 \$000
<b>Share capital at beginning of the period</b>	146,798	146,491
Employee shares exercised	14	196
Repayment of employee loans for acquisition of shares	6	111
<b>Share capital at end of the period</b>	146,838	146,798

	# of Ordinary shares 30 September 2024	# of Ordinary shares 31 March 2024
<b>At beginning of the period</b>	344,207,834	343,109,468
Issue of share capital	692,422	1,098,366
<b>At end of the period</b>	344,900,256	344,207,834

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 14. Share based payments

#### Share option plan and grant of performance share rights plan

##### Share option plan

The Group operates a share option plan for selected employees to participate in. This is an offer of options to acquire ordinary shares. Under the terms of the plan, a parcel of options was issued to certain employees with an exercise price equal to the market valuation of shares at the time of offer. The grant of share options is split into three tranches vesting over a three-year period.

The share-based payments reserve comprises the fair value of the employee share option plan before its classifications to share capital upon settlement.

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

##### Grant of performance share rights

On 23 July 2024, the Company granted 961,255 shares to Brian Ward with a nil exercise price. The shares will vest only if the Company's performance against specified hurdles over a specified time-frame are met with the vesting date of June 2027. The number of share rights will vest depend on the Company's performance against the criteria below.

- Relative TSR criteria
- 3 year Revenue CAGR criteria
- 3 year EBITDA criteria

Key valuation assumptions for the share option and grant of share rights plan are:

Grant Date	23 Jul 2024 – Grant of performance share rights*	6 Oct 2023 Performance	6 Oct 2023 Non-performance	3 Aug 2023
Share price at grant date (AUD)	0.620	0.819	0.755	0.910
Valuation date	23 Jul 2024	6 Oct 2023	6 Oct 2023	4 Aug 2023
Share price at valuation date (AUD)	0.620	0.76	0.76	0.90
Average exercise price (NZD)	Nil	0.97	0.97	0.92
Expected volatility*	37%	72%	72%	69%
Expected life	3 years	5 years	5 years	5 years
Risk free factor	4.41%	3.98%-4.06%	4.10%	3.90%
Valuation model	Monte Carlo	Monte Carlo	Binomial	Binomial
Dividend yield	0%	0%	0%	0%

\*relates to grant of performance share rights plan

	Unaudited 30 September 2024 \$000	Audited 31 March 2024 \$000
<b>Opening balance</b>	<b>10,268</b>	<b>7,179</b>
Share based payment expense	986	3,404
Grant of performance share rights	24	-
Employee shares forfeited	(37)	(223)
<b>Total expenses recognised in consolidated statement of profit or loss</b>	<b>973</b>	<b>3,181</b>
Forfeiture of employee shares released through retained earnings in equity	(1,162)	-
Exercise of employee shares recognised through share-based payments reserve	(34)	(92)
<b>Total changes recognised in consolidated statement of movements in equity</b>	<b>(1,196)</b>	<b>(92)</b>
<b>Closing balance</b>	<b>10,045</b>	<b>10,268</b>



## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 14. Share based payments (continued)

a) Aroa Biosurgery share option plan (the **Option Plan**) – prior to IPO

Under the Option Plan prior to IPO, the Company granted directors, key management and certain employees, options to subscribe for ordinary shares.

#### Summary of options granted under the Option Plan – prior to IPO

	H1 FY25 Average exercise price per option NZ\$	H1 FY25  # of options	FY24 Average exercise price per option NZ\$	FY24  # of options
Opening balance	0.10	1,735,725	0.10	2,841,450
Exercised during the period	0.11	(552,312)	0.10	(1,105,725)
Forfeited during the period	0.11	(392,688)	-	-
<b>Closing balance</b>	<b>0.10</b>	<b>790,725</b>	<b>0.10</b>	<b>1,735,725</b>
Vested and exercisable at reporting date	0.10	790,725	0.10	1,735,725

Share options outstanding at the reporting date have the following expiry dates:

Grant date	Expiry date	Share options Unaudited 30 September 2024	Share options Audited 31 March 2024
1 October 2018	1 October 2028	790,725	790,725
1 December 2019	30 November 2029	-	945,000
<b>Total</b>		<b>790,725</b>	<b>1,735,725</b>

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 14. Share based payments (continued)

#### b) Aroa Biosurgery share option plan (the "Option Plan") – on and after IPO

On the Group's IPO in July 2020, the share options were issued to certain employees and directors under a new share option plan. Under this plan, the Group continue to issue options to certain employees and directors.

Grants under the Option Plan comprised 22,055,727 (FY24: 25,566,955) share options with various vesting conditions including non-market service conditions, market conditions and non-market performance conditions.

#### Summary of options granted under the Option Plan – on and after IPO

	H1 FY25 Average exercise price per option NZ\$	H1 FY25 # of options	FY24 Average exercise price per option NZ\$	FY24 # of options
Opening balance	0.78	25,566,955	1.09	17,828,074
Granted in November 2022	-	-	0.93	50,000
Granted in August 2023	-	-	0.93	210,686
Granted in October 2023	-	-	0.97	8,978,601
Exercised during the period	-	-	0.81	(50,000)
Forfeited during the period	1.07	(3,511,228)	1.06	(1,450,406)*
<b>Closing balance</b>	<b>0.84</b>	<b>22,055,727</b>	<b>0.78</b>	<b>25,566,955</b>
Vested and exercisable at reporting date	1.08	11,186,939	1.09	11,919,471

\* Include an adjustment of 218,100 options forfeited on 31 March 2024, with no impact on the dollar amount.

Share options – on and after IPO outstanding at the reporting date have the following expiry dates:

Grant date	Expiry date	Share options Unaudited 30 September 2024	Share options Audited 31 March 2024
24 July 2020	23 July 2025	5,104,050	5,104,050
29 September 2020	28 September 2025	1,368,200	1,538,200
22 April 2021	31 March 2026	200,000	200,000
28 June 2021	28 June 2026	1,610,000	2,005,000
9 August 2021	8 August 2026	2,875,000	2,925,000
1 August 2022	29 February 2028	2,806,577	3,432,419
14 November 2022	13 November 2027	1,614,983	1,712,515
4 August 2023	13 November 2027	210,686	210,686
6 October 2023	30 June 2024 – 3 August 2028	6,266,231	8,439,085
<b>Total</b>		<b>22,055,727</b>	<b>25,566,955</b>

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the half-year ended 30 September 2024

### 14. Share based payments (continued)

c) Aroa Biosurgery share rights

On 23 July 2024, the Company issued performance share rights to the CEO of the company.

#### Summary of performance share rights

	H1 FY25 Average exercise price per right NZ\$	H1 FY25 # of rights	FY24 Average exercise price per right NZ\$	FY24 # of right
Opening balance	-	-	-	-
Granted during the period – 23 July 2024	-	961,255	-	-
<b>Closing balance</b>	-	<b>961,255</b>	-	-

Share rights outstanding at the reporting date have the following expiry dates:

Grant date	Expiry date	Share options Unaudited 30 September 2024	Share options Audited 31 March 2024
23 July 2024	1 August 2027	961,255	-
<b>Total</b>		<b>961,255</b>	-

### 15. Events occurring after the reporting date

There were no significant events subsequent to the reporting date which required disclosure in or adjustment to the condensed interim consolidated financial statements.

### 16. Other disclosures

#### Capital commitment

As at 30 September 2024, the Group had capital commitments of \$67,000 (unaudited) (H1 FY2024 (unaudited): \$1,805,000).

#### Contingent liabilities

As at 30 September 2024, the Group had no material contingent liabilities (unaudited) (H1 FY2024 (unaudited): \$nil).

**INDEPENDENT REVIEW REPORT  
TO THE SHAREHOLDERS OF AROA BIOSURGERY LIMITED**

**Report on the Interim Condensed Consolidated Financial Statements**

**Conclusion**

We have reviewed the accompanying interim condensed consolidated financial statements for the six month period of Aroa Biosurgery Limited and its controlled entities (collectively, the “Group”), which comprise the condensed consolidated statement of financial position as at 30 September 2024, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of movements in equity and condensed consolidated statement of cash flows for the period ended on that date and selected explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements of the Group do not present fairly, in all material respects the financial position of the Group as at 30 September 2024 and of its financial performance and its cash flows for the six month period ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting*.

**Basis of Conclusion**

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor’s Responsibilities for the Review of the Interim Condensed Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, Aroa Biosurgery Limited or its controlled entities.

**Directors’ Responsibilities for the Interim Condensed Consolidated Financial Statements**

The Directors of the Group are responsible for the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and for such internal control as they determine is necessary to enable the preparation and fair presentation of the interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibilities for the Review of the Interim Condensed Consolidated Financial Statements**

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting*.

A review of the interim condensed consolidated financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on those the interim condensed consolidated financial statements.

The engagement partner on the review resulting in this independent auditor’s review report is Junita Sen.

*BDO Auckland*

BDO Auckland  
Auckland  
New Zealand

26 November 2024

# DIRECTORY

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NZCN 1980577

**Non-Executive Director and Chairman**

Jim McLean

**Non-Executive Directors**

Dr. Catherine Mohr  
John F Diddams  
John Pinion  
Phil McCaw  
Darla Hutton

**Chief Executive Officer and Managing Director**

Brian Ward

**Company Secretaries**

James Agnew  
Tracy Weimar

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