

## AROA BIOSURGERY HALF YEARLY REPORT H1 FY25

### Financial Highlights

- Product Sales **grew by 25%** (27% on a constant currency basis) to **NZ\$39.1 million** (NZ\$37.3 million on a constant currency basis) compared to H1 FY24.
- Sales of Myriad™ **grew by 45%** (45% on a constant currency basis) to **NZ\$14.8 million** (NZ\$14.1 million on a constant currency basis) compared to H1 FY24.
- Myriad continues leading growth, accounting for **38% of H1 FY25 total product sales** and reflecting **72% of AROA's direct sales mix**.<sup>1</sup>
- TELA Bio's sales** of OviTex™ and OviTex PRS increased by **19%** during H1 FY25 compared to H1 FY24.
- Total reported H1 FY25 revenue inclusive of project fees grew 23% to **NZ\$39.2 million**
- H1 FY25 normalised<sup>2</sup> EBITDA loss of NZ\$1.5 million compared to a loss of NZ\$2.7 million in H1 FY24.
- Product gross margin of **87%** (86% on a constant currency basis), an increase of 3% (increase of 3% on a constant currency basis) on H1 FY24.
- The company remains debt-free with a cash balance of **NZ\$21.6 million** as at 30 September 2024, providing adequate cash as the company advances towards positive cashflows.
- Full-year FY25 guidance maintained** at **NZ\$80-87 million** total revenue, (21-32% increase on FY24 on a constant currency basis), and a normalised EBITDA profit of **NZ\$2-6 million**.<sup>3</sup>

### Operational Highlights

- Momentum continues building behind AROA's US commercial operations, with productivity gains seen across the whole sales organisation. Myriad active accounts<sup>4</sup> grew to 265 at the end of H1 FY24, up from 218 at the end of FY24.
- The company continued to extend the body of clinical evidence for the AROA ECM™ platform, with eight peer-reviewed studies published during the reporting period.
- During H2 FY25, AROA expects to see publication of several studies examining the efficacy of Myriad across a range of procedures, including trauma, limb salvage and colorectal surgery.
- AROA's Myriad Augmented Soft Tissue Regeneration Registry (**MASTRR**) extended to 15 sites and 800 patients. The first peer-reviewed study associated with MASTRR has been accepted for publication and is expected to publish by the beginning of Q4, FY25.
- AROA continues progressing commercialisation of the Enivo™ platform and is engaging with the FDA to confirm design requirements of further clinical studies.
- Successful completion of annual DEKRA audit at the Company's Auckland manufacturing sites.
- Continued focus on expanding AROA's profile across investment communities, reflected in an active investor relations schedule during H1 FY25.
- AROA will host an investor webinar today at 9 a.m. AEDT to discuss these results. [Click here](#) to register to attend.

<sup>1</sup> % of product revenue excluding sales to TELA Bio, Inc ('TELA Bio').

<sup>2</sup> Normalised EBITDA is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the AROA Group's ("Group") comparative financial performance without any distortion from NZ GAAP accounting treatment specific to one-off fair value adjustments, one-off transaction costs associated with capital raisings. The impact of non-cash share-based payments expense and unrealised foreign currency gains or losses have also been removed from the profit or loss. This approach is used by Management and the Board to assess the Group's comparative financial performance. All references in this announcement to 'normalised EBITDA' are as set out in this footnote.

<sup>3</sup> This 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>4</sup> Represents accounts to which sales were made in the applicable period.

Soft tissue regeneration company Aroa Biosurgery Limited (ASX: ARX, AROA or the Company) is pleased to announce its results for the first half of the 2025 financial year, which ended on 30 September 2024.

### Management Commentary

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. Product sales grew by 25%, compared to H1 FY24, driven by robust growth within both the Myriad™ and Ovitex™ product families.

Sales of the high-margin Myriad product family 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 67% in H1 FY24).

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.

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>5</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.

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).

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

Founder and Chief Executive Officer Brian Ward says: "We're pleased to see increased sales productivity drive strong growth in the Myriad portfolio. Sales to TELA Bio continue to perform well, tracking in line with their sales to customers. We expect total revenue of ~NZ\$43-\$50 million in the second half of this year, and to be cash flow positive."

<sup>5</sup> Represents accounts to which sales were made in the applicable period.

## Normalised Profit or Loss<sup>1</sup>

	Reported	Reported	Reported	CC <sup>2</sup>	CC <sup>2</sup>	CC <sup>2</sup>
	H1 FY25	H1 FY24	YoY %	H1 FY25	H1 FY24	YoY %
	NZ\$000	NZ\$000		NZ\$000	NZ\$000	
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.

### 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.

### 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 'Randomised Clinical Trial').

### 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.

### 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 both Myriad, Ovitex and Ovitex PRS sales continue to perform strongly. The Company expects H2 FY24 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 (reflecting 27-31% growth over CY23).

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>6</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 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.

<sup>6</sup>TelaBio press release dated 7 November 2024



### Clinical Evidence

The Company continued to bolster clinical evidence for the AROA ECM platform, with eight peer-reviewed studies published during H1 FY25, 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 toward 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, which evaluates 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 also completed (n=120).

### 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>7</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 H1 FY25, 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.

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.

AROA 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.

<sup>7</sup> Management estimates.



## Half Year Results Webinar

The Company will hold a webinar with CEO Brian Ward and CFO James Agnew today, **Tuesday 26 November at 9 AM AEDT**, to discuss the Company's half-year results.

Following discussion of half year results, leading US Surgeon Dr Anthony LaLama will deliver a presentation on the clinical challenges of lower extremity reconstruction and the efficacy of AROA ECM products in achieving tissue coverage and closure for these patients.

Investors and interested parties can register to attend the webinar via the following link:  
[https://us02web.zoom.us/webinar/register/WN\\_XLsyCxWfSJcFRuflpN6Phg](https://us02web.zoom.us/webinar/register/WN_XLsyCxWfSJcFRuflpN6Phg)

Questions can be submitted before the webinar to [investor@aroa.com](mailto:investor@aroa.com) or during the webinar using the Q&A function on Zoom.

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**Authorised on behalf of the Aroa Biosurgery Board of Directors by Brian Ward, CEO.**

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### **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 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](http://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 new product which has been developed off the strength of AROA ECM. It is applied as a graft and is surgically fixed at the margins. It is designed to support healing during the proliferative phase to reduce time to wound closure, particularly in patients whose healing is severely impaired or compromised due to disease.

### **About Enivo™**

This is a new tissue apposition system 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.

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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.

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