AROA BIOSURGERY FY25 RESULTS AND FY26 OUTLOOK

HIGHLIGHTS

FY25 Results[1]

- **Total revenue of NZ$84.7 million** (23% growth on FY24), exceeding guidance of $81 - 84 million.
- **NZ$32.3 million in Myriad™ product revenue** (38% growth on FY24).
- **NZ$39.7 million in total OviTex™/ OviTex™ PRS[i] product revenue** (22% growth on FY24).
- **Product gross margin of 86%.**
- **Normalised EBITDA[ii] profit of NZ$4.2 million** (up from NZ$3.1 million normalised EBITDA loss in FY24), exceeding guidance of NZ$2 - 4 million.
- **Achieved positive operating cash flow in H2 FY25**, with cashflows from operations of NZ$2.3 million for H2 FY25.
- **Strong cash balance of NZ$22.0 million** with no debt.

FY26 Outlook

- **Total revenue guidance of NZ$92-100 million** (10 - 20% growth on FY25 on a constant currency basis), primarily driven by growth in Myriad sales, and continued investment in sales productivity. Myriad sales are expected to grow in excess of 25%[iii]. Sales to TELABio are conservatively estimated to grow at a more moderate pace.
- **Normalised EBITDA of NZ$5-8 million[iv]** (19 - 90% growth on FY25), reflecting restrained clinical expenses and investment in new product development.

FY25 Results Investor Webinar

AROA will host a webinar today at 9.00am AEST to discuss the results. Click here for details and to register.

[1] All results are on a reported basis, except where indicated

ASX ANNOUNCEMENT/MEDIA RELEASE
29 May 2025

AROA™

FY25 Results

Soft tissue regeneration company Aroa Biosurgery Limited (ASX: ARX, 'AROA' or the 'Company') is pleased to release its full-year results for the period ended 31 March 2025.

Normalised Profit or Loss

	FY25 NZ$m	FY24 NZ$m	YoY%
Product revenue	84.0	68.0	24
Total revenue	**84.7**	**69.1**	23
Gross profit	72.6	59.0	23
Product gross margin %	86%	85%	100 bps
Total normalised operating expenses*	74.5	(68.1)	9
Normalised EBIT	(0.8)	(7.5)	(90)
Normalised EBITDA	**4.2**	**(3.1)**	236
Normalised gain (loss) before income	0.1	(6.1)	-

*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' at the end of this announcement.[v]

Product Revenue

Product revenue for the year was NZ$84.0 million – an increase of 24% on the previous year.

AROA direct sales accounted for 53% of the product revenue mix, with Myriad expected to continue to become a larger part of the overall sales mix.

Product	FY25 NZ$m	FY24 NZ$m	YoY%
Myriad™	32.3	23.3	38
OviTex / OviTex PRS[vi]	39.7	32.7	22
Endoform™	11.7	11.7	-
Symphony™	0.3	0.3	-

Product Gross Margin %

Full-year product gross margin increased slightly to 86%. This was a result of the high margin Myriad products making up a larger proportion of the sales mix.

Normalised Operating Expenses and EBITDA

Selling and administrative expenses were NZ$64.9 million, which was a 10% increase from NZ$59.0 million in FY24. This primarily reflects the annualisation of salaries and operating expenses for the additional US sales staff taken on in FY24, and an increase in total commission payments to US sales staff. It also includes ongoing investment in clinical development, including the Myriad MASTRR registry. These activities will build the growing body of evidence demonstrating the efficacy and cost benefits associated with AROA ECM technology, and, in turn, drive sales growth over the medium term.

The Company's research and development expenses were NZ$9.6 million (compared to NZ$9.1 million in FY24). These expenses covered product line extensions for the Myriad and Ovitex portfolios, and continued investment in the Enivo™ technology, which the Company has identified as having a total addressable market in excess of US$1 billion.

The Company generated a normalised EBITDA profit of NZ$4.2 million in FY25, compared to a NZ$3.1 million loss in FY24.

Cashflows
On a full-year basis, the Company's net cash outflows from operating activities were NZ$2.6 million (compared to outflows of NZ$7.4 million in FY24). The Company achieved positive net cash inflows from operations of NZ$2.3 million in the H2 FY25, reflecting the strong normalised EBITDA profit achieved during the period.

Cash outflows from investing activities[vii] were NZ$3.7 million (compared to outflows of NZ$6.9 million in FY24). The majority of the FY25 spend (NZ$1.8 million) was investment into additional manufacturing capacity. Capitalised development costs decreased from NZ$2.8 million in FY24, to NZ$1.1 million in FY25.

The Company achieved positive total cash flow for H2 FY25, ending FY25 with a strong cash balance of NZ$22.0 million (compared to NZ$29.5 million at the end of FY24). The Company remains debt-free.

FY26 Outlook

Revenue Guidance: AROA expects FY26 total revenue of NZ$92-100 million. This represents constant currency growth of 10-20% over FY25.

EBITDA Guidance: The Company expects FY26 normalised EBITDA profit of NZ$5–8 million.[viii]

Breakthrough value: We will continue building a compelling body of evidence that demonstrates Myriad's distinctive value – the restoration of tissue, with minimal complications, in a single application. We are confident that this evidence will lead to accelerated adoption based on improved clinical outcomes, increased patient access, and reduced hospitals costs across a broad range of soft tissue reconstruction procedures.

Commenting on AROA's outlook for FY26, Managing Director and CEO Brian Ward said:

"FY25 marks a significant financial milestone - our first year of normalised EBITDA profitability since listing. Looking ahead, we are increasingly confident about our ability to deliver strong top-line growth and enhanced profitability in FY26 and beyond. Myriad clearly demonstrates that we are delivering on our vision to unlock regenerative healing for everybody."

< ENDS >

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

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[i] OviTex and TELABio are trademarks of TELABio, Inc.

[ii] Normalised operating expenses 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 payments expense 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.

[iii] On a constant currency basis.

[iv] Guidance assumes an average NZ$/US$ exchange rate in FY26 is 0.60 (compared to the average rate of 0.59 in FY25), the applicable US tariff rates remain at 10%, and there is no material decline in US medical procedure numbers or sustained disruption to AROA's manufacturing or transportation activities.

[v] **Reconciliation of Normalised Profit or Loss to NZ GAAP Profit or Loss**

	Reported 2025 NZ$m	Reported 2024 NZ$m
Normalised loss before income tax	**0.1**	**(6.1)**
Unrealised foreign currency (losses) / gains	(1.2)	(1.2)
Share based payments	(2.2)	(3.2)
Loss before income tax (NZ GAAP)	**(3.3)**	**(10.4)**

Share Based Payments: Share based payments is a non-cash expense that reflects the grant of share options issued to employees between April 2021 and March 2025. During FY25, $1,907,000 of employee share options previously recognised as an expense in prior years were forfeited, with the corresponding amount transferred to retained earnings.

Unrealised FX (losses) / gains: Unrealised FX gains are non-cash (losses) or gains that reflect the (loss) / gain on US$ denominated transactions that have not been completed as at the reporting date.

[vi] OviTex PRS sales included an initial stocking order for the new large format device launched by TELABio in April 2025 https://ir.telabio.com/news-releases/news-release-details/tela-bio-announces-us-commercial-launch-larger-sizes-ovitexr-prs

[vii] Excluding movements in term deposits.

[viii] Guidance assumes an average NZ$/US$ exchange rate in FY26 is 0.60 (compared to the average rate of 0.59 in FY25), the applicable US tariff rates remain at 10%, and there is no material decline in US medical procedure numbers, or sustained disruption to AROA's manufacturing or transportation activities.

About AROA™

Aroa Biosurgery is a soft-tissue regeneration company committed to 'unlocking regenerative healing for every*body*'.

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 7 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 TELABio, Inc.

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

FINANCIAL REPORT TO 31 MARCH 2025

APPENDIX 4E – ASX Listing Rule 4.2A

Aroa Biosurgery Limited
ARBN 638 867 473

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

Reporting period	31 March 2025
Previous corresponding period	31 March 2024

2. Results for announcement to the market

			2025 NZ$000	2024 NZ$000
2.1 Revenue – Product sales	Up	24%	83,977	67,966
Revenue – Other	Down	(35%)	720	1,100
2.2 Loss before tax from ordinary activities	Down	(69%)	(3,250)	(10,427)
Normalised* profit/(loss) before tax from ordinary activities	-	-	117	(6,100)
2.3 Loss after tax from ordinary activities attributable to members	Down	(64%)	(3,813)	(10,628)
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 with the 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.

3. Net tangible assets

	2025	2024
Net tangible assets* (NZ$000)	68,641	68,789
Total number of securities on issue**	344,900,256	344,207,834
Net tangible assets per security (NZ$)	0.20	0.20

* Net tangibles assets exclude all Intangible assets and Right of use assets, as reported within the 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

FINANCIAL REPORT TO 31 MARCH 2025

APPENDIX 4E – ASX Listing Rule 4.2A (continued)

8. Set of accounting standards used in preparation of the consolidated financial statements:

NZ equivalent to International Financial Reporting Standards

This report is based on the consolidated financial statements for the year ended 31 March 2025, which have been audited by BDO Auckland (the Company's auditor) with the Independent Auditor's Report included in the 31 March 2025 consolidated financial statements. The report is not subject to an audit report that includes a modified opinion, emphasis of matter or other matter paragraph. The consolidated financial statements are publicly available at the following link https://aroa.com/investors/.

This report should be read in conjunction with the consolidated financial statements for the year ended 31 March 2025 and any public announcements made by Aroa Biosurgery Limited during the reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Dated 29 May 2025

James Agnew
Company Secretary

AROA™

AROA BIOSURGERY LIMITED

Consolidated Financial Statements

31 MARCH 2025

Unlocking regenerative healing for every*body*

CONTENTS

DIRECTORS' RESPONSIBILITY STATEMENT

For the year ended 31 March 2025

The Directors are pleased to present the consolidated financial statements of Aroa Biosurgery Limited and the Group ("Group") for the year ended 31 March 2025.

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the Group as at 31 March 2025 and the results of their operations and cash flows for the year ended 31 March 2025.

The Directors consider that the consolidated financial statements of the Group have been prepared using accounting policies appropriate to the Group's circumstances, consistently applied and supported by reasonable and prudent judgements and estimates and that all applicable New Zealand equivalents to International Financial Reporting Standards have been followed.

The Directors have responsibility for ensuring that the proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and enables them to ensure that the financial statements comply with the Financial Reporting Act 2013.

The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Approved for and on behalf of the Board of Directors on 29 May 2025.

J. N. M

Jim McLean - Chairman

B. R. Ward

Brian Ward – CEO

BDO Auckland

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AROA BIOSURGERY LIMITED

Opinion

We have audited the consolidated financial statements of Aroa Biosurgery Limited ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of movements in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and IFRS® Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue – TELA Bio revenue share

Key Audit Matter

The Group's largest customer is TELA Bio who is the Group's sales and distribution partner for hernia and abdominal wall, 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 sold and the price that it is sold at, are uncertain.

The variable consideration recognised is estimated 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 dates of inventory held, and average selling prices achieved by TELA Bio. The amount of variable consideration is only recorded by the Group to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the year ended 31 March 2025, Management changed their accounting estimate for the TELA Bio revenue share by revising the growth assumptions disclosed in Note 2 Summary of material accounting policies of the consolidated financial statements.

We consider this to be a key audit matter because of the judgement involved in determining the variable consideration and the quantum of the accrued revenue of $18.712m as at 31 March 2025.

Details of the TELA Bio Revenue share are disclosed in Note 2 Summary of material accounting policies - change in accounting estimates – TELA Bio accrued revenue, and Note 3 Revenue and segment information of the consolidated financial statements.

How The Matter Was Addressed in Our Audit

- We evaluated Management's revenue recognition policy based on our understanding of the contract with TELA Bio and the requirements of NZ IFRS15 - *Revenue from Contracts with Customers*.
- We obtained Management's calculations and accounting paper prepared for the revenue share accrual and evaluated the reasonableness of key inputs and assumptions. The key inputs included sales history, revenue growth factors, expiry dates of inventory held, and average selling prices achieved by TELA Bio.
- We obtained confirmation from TELA Bio, confirming their stock holding, sales history and the actual revenue share for their sales made in the year ended 31 March 2025.
- We compared the key inputs and assumptions with those used by Management last year and considered if these are indicative of Management bias.
- We considered if the amount of variable consideration estimated is only recorded by the Group to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur.
- We reviewed the disclosures in Notes 2 and 3 to the consolidated financial statements, including the revenue recognition policy, to the requirements of the accounting standard.

Intangible assets impairment assessment

Key Audit Matter

The Group has recognised goodwill, customer relationships and reacquired rights intangible assets on a historical acquisition. The goodwill of $5.538m, customer relationships of $1.236m and reacquired rights of $5.972m at 31 March 2025 are subject to an annual impairment test in accordance with NZ IAS 36 - *Impairment of Assets*.

Management performed their impairment test, by considering the recoverable amount of the Cash Generating Unit ('CGU') (to which the intangible assets are allocated) using a value in use calculation. This calculation is complex and subject to key inputs and assumptions such as discount rates and future cash flows, which inherently include a degree of estimation uncertainty and are prone to potential bias and inconsistent application and therefore considered to be a key audit matter.

Details of intangible assets are disclosed in Note 12 Intangible assets of the consolidated financial statements.

How The Matter Was Addressed in Our Audit

- We obtained an understanding of key controls relating to the review and approval of the impairment review.
- We obtained Management's impairment assessment including the value in use calculation prepared for the CGU. We evaluated and challenged the key inputs and assumptions and considered if these are indicative of Management bias. The key inputs included revenue growth rates, terminal growth rate, gross margins and discount rate.
- We assessed the accuracy of previous forecasts to actual performance to form a view on the reliability of Management's forecasting ability and to understand key differences between historical actual versus forecast performance.
- We engaged our internal valuation experts to assess that the methodology used is consistent with NZ IAS 36 *Impairment of Assets*, and to verify the accuracy of the model, and to ensure the discount rates and terminal growth rates used, fell within an appropriate range. We reviewed Management's sensitivity analysis performed on key inputs and assumptions to determine the extent to which any changes would affect the recoverable amount of the CGU. We also considered and tested alternative sensitivities.
- We compared the carrying value of the CGU to the recoverable amount determined by the value in use calculation to identify any impairment losses.
- We reviewed the disclosures in Note 12 to the consolidated financial statements, including impairment and sensitivity analysis, to the requirements of the accounting standard.

Share-based payment arrangements

Key Audit Matter	How The Matter Was Addressed in Our Audit
The Group issued share rights to an executive director and senior management, under the share-based payment arrangements during the year ended 31 March 2025. The share-based payment arrangements included both market based and non-market based vesting conditions. In determining the value of the new arrangements, the Group used the services of a third-party valuation specialist. The Group also had existing share-based payment arrangements that were exercised and forfeited during the year. There is judgement involved in determining the value of share-based payment arrangements and subsequent recording of the fair value as an expense over the estimated vesting period. As a result, and given the magnitude of the expense in the current year, the audit of the share-based payment arrangements was considered a key audit matter. The share-based payments expense recorded for the year ended 31 March 2025 is $2.16m, resulting in a share-based reserve of $10.487m. Details of these share-based payment arrangements are disclosed in Note 4 Loss from operations before net financing income - Employee share-based payment expenses and Note 18 Share based payments reserve of the consolidated financial statements.	• We evaluated Management's assessment on the treatment of the share-based payment arrangements in accordance with NZ IFRS 2 – *Share-based Payment*. • We agreed the terms of the share-based payment arrangements issued during the year to offer letters and rules of the share-based payment arrangement plan. • We assessed, in conjunction with our internal valuation experts, the appropriateness of the valuation methodology used by Management's specialist and the key input assumptions such as volatility rates, expected life and probability of achieving the market-based performance conditions. • We assessed the Group's judgements in relation to the probability of achieving non-market based vesting conditions. • We recalculated the share-based payments expense recorded in the profit or loss over the relevant vesting periods. • We reviewed the disclosures in Note 4 and 18 in relation to the share-based payment arrangements to the requirements of the accounting standard.

Other Information

The directors are responsible for the other information. The other information comprises the Aroa Biosurgery FY25 Results and FY25 Outlook, Directors' responsibility statement, and Appendix 4E – ASX Listing Rule 4.2A (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

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

BDO Auckland

BDO Auckland
Auckland
New Zealand
29 May 2025

AROA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 $000	2024 $000
Revenue	3	84,697	69,066
Cost of sales		(12,083)	(10,093)
Gross profit		**72,614**	**58,973**
Other income	3	1,083	1,664
Selling and administrative expenses		(67,049)	(62,149)
Research and development expenses		(9,566)	(9,159)
Loss from operations before net financing income and income tax	4	**(2,918)**	**(10,671)**
Finance income	5	1,363	2,002
Finance expenses	5	(1,695)	(1,758)
Loss before income tax		**(3,250)**	**(10,427)**
Income tax expense	6	(563)	(201)
Loss for the year attributable to shareholders		**(3,813)**	**(10,628)**
Other comprehensive income			
Items that will or may be reclassified to profit or loss			
Exchange gain / (loss) arising on translation of foreign operations		335	836
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	8	(545)	(557)
Total other comprehensive income/(loss)		**(210)**	**279**
Total comprehensive loss for the year attributable to shareholders		**(4,023)**	**(10,349)**

Earnings per share during the year:

Basic earnings per share (cents)	19	(1.11)	(3.09)
Diluted earnings per share (cents)	19	(1.11)	(3.09)

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

AROA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 $000	2024 $000
Current assets			
Cash and cash equivalents	7(a)	7,991	11,522
Term deposits	7(b)	14,000	18,000
Trade and other receivables	9	16,327	13,437
Inventories	10	8,270	8,104
Prepayments		2,405	1,816
Contract assets	3(a)	18,712	15,140
Tax receivable		312	313
Financial assets at fair value through other comprehensive income	8	158	703
Total current assets		**68,175**	**69,035**
Non-current assets			
Property, plant, and equipment	11	16,171	15,769
Prepayments		82	104
Right of use assets	15	5,335	6,447
Intangible assets	12	19,109	19,702
Total non-current assets		**40,697**	**42,022**
Total assets		**108,872**	**111,057**
Current liabilities			
Trade and other payables	13	3,437	3,741
Derivative liabilities		2,138	1,061
Employee benefits	14	3,609	3,708
Lease liabilities	16	1,119	1,004
Total current liabilities		**10,303**	**9,514**
Non-current liabilities			
Provisions		187	174
Lease liabilities	16	5,297	6,431
Total non-current liabilities		**5,484**	**6,605**
Total liabilities		**15,787**	**16,119**
Net assets		**93,085**	**94,938**
Equity			
Share capital	17	146,842	146,798
Accumulated losses		(64,058)	(62,152)
Foreign currency translation reserve		(344)	(679)
Fair value through other comprehensive income	8	158	703
Share based payment reserve	18	10,487	10,268
Total equity		**93,085**	**94,938**

On behalf of the Board
29 May 2025

J. N. M

B. R. Ward

Jim McLean - Chairman

Brian Ward – CEO

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

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 31 March 2025

	Notes	Share Capital $000	Accumu-lated Losses $000	Foreign Currency Transla-tion Reserve $000	Fair Value Through Other Compreh-ensive Income $000	Share Based Payments Reserve $000	Total Equity $000
Balance as at 1 April 2024		**146,798**	**(62,152)**	**(679)**	**703**	**10,268**	**94,938**
Comprehensive income							
Loss for the year		-	(3,813)	-	-	-	(3,813)
Other comprehensive income for the year		-	-	335	(545)	-	(210)
Total comprehensive income for the year		**-**	**(3,813)**	**335**	**(545)**	**-**	**(4,023)**
Transactions with shareholders							
Share based payment transactions	18		-	-	-	2,638	2,638
Forfeiture of unvested employee share options	18	-	-	-	-	(478)	(478)
Vested employee shares forfeited through accumulated losses	18	-	1,907	-	-	(1,907)	-
Employee shares exercised	17/18	34	-	-	-	(34)	-
Repayment of employee loans for acquisition of shares	17	10	-	-	-	-	10
Total transactions with shareholders		**44**	**1,907**	**-**	**-**	**219**	**2,170**
Balance as at 31 March 2025		**146,842**	**(64,058)**	**(344)**	**158**	**10,487**	**93,085**
Balance as at 1 April 2023		**146,491**	**(51,524)**	**(1,515)**	**1,260**	**7,179**	**101,891**
Comprehensive income							
Loss for the year		-	(10,628)	-	-	-	(10,628)
Other comprehensive income for the year		-	-	836	(557)	-	279
Total comprehensive income for the year		**-**	**(10,628)**	**836**	**(557)**	**-**	**(10,349)**
Transactions with shareholders							
Share based payment transactions	18		-	-	-	3,404	3,404
Forfeiture of unvested employee share options	18	-	-	-	-	(223)	(223)
Employee shares exercised	17/18	196	-	-	-	(92)	104
Issue of shares to employees	17	111	-	-	-	-	111
Total transactions with shareholders		**307**	**-**	**-**	**-**	**3,089**	**3,396**
Balance as at 31 March 2024		**146,798**	**(62,152)**	**(679)**	**703**	**10,268**	**94,938**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Note	2025 $000	2024 $000
Cash flows from operating activities			
Cash receipts from sales of goods		76,648	65,247
Cash receipts from grant income, project fees, and license fees		2,032	2,763
Cash paid to suppliers and employees		(82,194)	(76,831)
Interest received		1,511	1,726
Dividend received		-	1
Interest paid		(7)	(10)
Income tax paid		(556)	(271)
Net cash outflow from operating activities	24a	**(2,566)**	**(7,375)**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(2,309)	(3,523)
Purchase of intangible assets	12	(317)	(644)
Capitalised development costs	12	(1,073)	(2,818)
Investment in term deposits	7b	(31,000)	(43,000)
Proceeds from term deposits	7b	35,000	60,134
Net cash inflow from investing activities		**301**	**10,149**
Cash flows from financing activities			
Proceeds from issue of options		-	85
Proceeds from issue of shares	17	10	111
Lease liability – principal payments	16	(1,007)	(740)
Lease liability – interest payments	16	(476)	(490)
Net cash outflow from financing activities		**(1,473)**	**(1,034)**
Net (decrease)/ increase in cash and cash equivalents		**(3,738)**	**1,740**
Effect of exchange rate fluctuations on cash and cash equivalents		207	242
Cash and cash equivalents at beginning of year		11,522	9,540
Cash and cash equivalents at end of year	7a	**7,991**	**11,522**

Note: The Group has term deposits of $14,000,000 as at the reporting date (2024: $18,000,000). 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 7).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. Corporate Information

Aroa Biosurgery Limited ("the Company") together with its subsidiaries (the "Group") is a leading soft tissue regeneration 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.

The consolidated financial statements of Aroa Biosurgery Limited and its subsidiaries (the "Group") for the year ended 31 March 2025 comprise the Company and its two subsidiaries, Aroa Biosurgery Incorporated and Mesynthes Nominee Limited. All subsidiary entities have a reporting date of 31 March.

Equity holding	Principal Activity	Place of Business	2025 %	2024 %
Aroa Biosurgery Incorporated	Sales & Distribution	US	100	100
Mesynthes Nominee Limited	Nominee Shareholder	NZ	100	100

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 Road #2, San Diego, California 92121. Mesynthes Nominee Limited is a subsidiary of Aroa Biosurgery Limited and is incorporated and domiciled in New Zealand. The address of its registered office is 64 Richard Pearse Drive, Airport Oaks, Auckland.

The consolidated financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993. These consolidated financial statements were authorised for issue by the Board of Directors on 29 May 2025.

2. Summary of material accounting policies

Statement of compliance and basis of preparation

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS, as appropriate for Tier 1 profit orientated entities. The consolidated financial statements also comply with IFRS® Accounting Standards (IFRS®).

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial assets at fair value through other comprehensive income
- Derivative assets at fair value through profit or loss

Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars ($) which is the Company's functional and Group's presentation currency. All financial information is presented in New Zealand dollars rounded to the nearest thousand, except where otherwise indicated.

Use of estimates and judgements

The preparation of the 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 (refer to notes 3) and "Change in accounting estimates - Tela Bio Accrued Revenue", as discussed below)
- research and development tax incentive accrual (refer to note 3)
- the likely term of leased premises, which impacts leasehold improvements assets and right of use assets capitalised (refer to notes 11, 15 and 16)
- impairment assessment of intangible assets (refer to note 12)
- the value of development expenditure capitalised (refer to note 12)
- the value of share-based payments (refer to note 18)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2025

2. Summary of material accounting policies (continued)

Change in accounting estimates - Tela Bio accrued revenue

As disclosed in note 3 (a), TELA Bio is the Group's largest customer and sales and distribution partner for abdominal wall reconstruction, 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.

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 a quarterly true up to the agreed percentage based on TELA Bio's net sales. Using the expected value method, the Group estimates the true up on TELA Bio's inventory at the reporting date considering the expected sale of those products by TELA Bio. In accordance with *NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*, the change in accounting estimate is recognised prospectively by including it in profit or loss in the financial year ended 31 March 2025.

The key assumptions used in calculating the accrued revenue amount are as follows:

	2025	2024
Revenue growth rate (Ovitex)	19%	24%
Revenue growth rate (Ovitex PRS)	37%	39%

The change in accounting estimates has resulted in a reduction of $116,000 in the accrued revenue in the current year.

Going concern

The Group posted a net loss before tax of $3,250,000 for the year (2024: $10,427,000 loss). The Group posted total operating cash outflow of $2,566,000 (2024: outflow of $7,375,000).

The Directors have continued to apply the going concern assumption as the basis of the preparation of the 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.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at the reporting date and the results of all subsidiaries for the year then ended.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions and balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

New standards, interpretations and amendments not yet effective

There are no new standards, amendments or interpretations that have been adopted or are not yet effective that have a material impact on the Group except for the below standard:

- Disclosure of fees for audit firm's services (Amendments to FRS-44)

In May 2023 the NZASB issued amendments to FRS-44 to require a description of the services provided by a reporting entity's audit or review firm and to disclose the fees incurred by the entity for those service using prescribed categories.

This amendment had no effect on the measurement of any items in the consolidated financial statements of the Group, and merely resulted in additional disclosures.

There are a number of standards, amendments to standards, and interpretations which have been issued by the NZASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The following amendments are effective for the period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to NZ IFRS 9 Financial Instruments and NZ IFRS 7

2. Summary of material accounting policies (continued)

The following amendments are effective for the period beginning 1 January 2027:

- NZ IFRS 18 *Presentation and Disclosure in Financial Statements.*

The Group is currently assessing the effect of these new accounting standards and amendments.

NZ IFRS 18 *Presentation and Disclosure in Financial Statements* supersedes NZ IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including NZ IAS 8 *Basis of Preparation of Financial Statements*. Even though NZ IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information and disclosure of management defined performance measures.

The accounting policies used in these financial statements have been applied consistently with those of the prior year.

The Group does not expect any other standards issued by the New Zealand Accounting Standards Board (NZASB) or IASB, but not yet effective, to have a material impact on the Group.

3. Revenue and segment information

The Group is in the business of developing, manufacturing and selling soft tissue repair products. Revenue from contracts with customers is recognised when performance obligations pursuant to that contract are satisfied by the Group.

The Group has identified the following main categories of revenue:

Sales of goods

The Group's revenue primarily consists of the sale of its products. Revenue is recorded when the customer takes possession of the product. All contracts with customers are standardised and satisfy the criteria of transaction approval, identification of each party's rights, payment terms, commercial substance, and probable collection based on the customer's ability and intention to pay. Revenue is recognised at a point in time when control over the product transfers to the customer, which is assessed to be at the time of receipt of goods by the customer.

The Group also sells its products via a distributor model whereby the sales are made direct to a distributor being the customer of the Group, with the distributor permitted to resell the Aroa products to an end user. The Group has assessed these arrangements to consider that control passes to the distributor at the point the distributor takes possession of the products. The Group considers itself to be acting as principal in the sale of goods to distributors and recognises revenue on a gross basis.

All contracts with distributors are standardised and satisfy the criteria of transaction approval, identification of each party's rights, payment terms, commercial substance, and probable collection based on the customer's ability and intention to pay. Revenue is recognised at a point in time when control over the product transfers to the distributor as the customer, which is assessed to be at the time of receipt of goods by the distributor.

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 contract asset in relation to revenue share arrangement with TELA Bio at 31 March 2025 is $18,712,000 (2024: $15,140,000).

b. Project fees

Project fees received are recognised over time using the input method when the performance obligations are fulfilled pursuant to the project development agreement. The Company's input methods include resources consumed, labour hours expensed, costs incurred. Any project fees received, for which the requirements under the project agreement have not been completed, are carried as income in advance (liability) until all applicable performance obligations have been fulfilled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2025

3. Revenue and segment information (continued)

	2025 $000	2024 $000
Sales of goods (USA)	80,467	65,190
Sales of goods (Rest of the world)	3,510	2,776
Project fees (USA)	720	1,100
Total revenue	**84,697**	**69,066**

Revenue recognised point in time	83,977	67,966
Revenue recognised over time	720	1,100
Total revenue	**84,697**	**69,066**

Segment information
Revenues from external customers are from sales of goods and project fees as reflected above.

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

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 $40,432,000 (2024: $33,746,000) are derived from a single external customer, being sales of products and services to TELA Bio, which is the Group's sales and distribution partner. The revenue derived from Tela represents 48% (2024: 49%) of the total Group revenue.

The Group held all of its non-current assets in New Zealand with an exception of the right-of-use assets of $348,000 (2024: $455,000) for the leasehold property and property, plant and equipment of $243,000 (2024: $209,000) in the USA as of the reporting date.

Other income

	2025 $000	2024 $000
Research and development tax credit income	911	1,628
Other income	172	36
Balance at end of the year	**1,083**	**1,664**

The Group receives government assistance in the form of grants for eligible R&D expenditure under the New Zealand R&D Tax Incentive scheme. These grants are recognised as other income when there is reasonable assurance that the Group will comply with the conditions attached and that the grant will be received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. Loss from operations before net financing income

Loss from operations before net financing income includes the following:	Note	2025 $000	2024 $000
Audit's fees:			
Statutory audit – BDO		167	163
Half-year review – BDO		68	55
Employee benefit expenses		48,299	45,137
Employer contributions defined contribution Superannuation scheme		3,063	2,632
Employee share-based payment expenses	18	2,160	3,404
Depreciation:			
Leasehold improvements	11	582	550
Plant and equipment	11	842	906
Furniture and fittings	11	66	72
Computer equipment	11	377	460
Right of use assets	15	1,100	1,024
Directors' fees (excluding share-based payment expenses)	20	720	710
Insurance		1,609	1,462
Amortisation:			
Patents	12	145	126
Customer relationships	12	618	618
Reacquired rights	12	543	543
Capitalised development costs	12	670	96

5. Net finance income

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

	2025 $000	2024 $000
Finance income		
Interest received on bank balances – financial assets at amortised cost	1,059	1,800
Other finance income		
Foreign currency gains	304	94
Unrealised foreign currency gains	-	108
Total finance income	**1,363**	**2,002**
Finance expenses		
Interest expenses – lease liabilities (Note 16)	(476)	(490)
Other finance expenses		
Finance costs – make good provision	(5)	(14)
Finance costs – financial liabilities at amortised costs	(7)	-
Unrealised foreign currency losses	(131)	-
Unrealised foreign currency losses on derivatives	(1,076)	(1,254)
Total finance expenses	**(1,695)**	**(1,758)**
Net finance (expenses)/income	**(332)**	**244**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2025

6. Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences arising on the initial recognition of goodwill;

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, such reductions are reversed when the probability of future taxable profits improves.

Income tax recognised in profit or loss and other comprehensive income

Reconciliation of income tax expense	2025 $000	2024 $000
Accounting loss before income tax	(3,250)	(10,427)
Income tax @ 28%	(910)	(2,920)
Impact of tax rates in overseas jurisdictions	(134)	(329)
Expenses not deductible for tax purposes	748	76
Tax credits received subject to tax	-	(21)
Prior year tax over provisions	-	(51)
Recognition deferred tax on temporary differences and tax losses	859	3,446
Income tax expense	**563**	**201**

Major components of tax expense

	2025 $000	2024 $000
Current tax expense		
Current period	563	201
Total tax expense	**563**	**201**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2025

6. Income taxes (continued)

The Group has elected to defer expenditure relating to research and development allowed under section DB34 of the Income Tax Act 2007. As at 31 March 2025, the Group had $38,273,147 (2024: $33,193,250) of expenditure available to offset against subsequent years income subject to section EJ23 of the Income Tax Act 2007.

Deferred tax assets have been recognised to the extent they offset deferred tax liabilities. No deferred tax has been recognised on tax losses or deferred research and development expenditure in 2025 on the basis that large tax profits are not foreseeable in the year ending 31 March 2026. Total tax affected deferred tax asset not recognised at 31 March 2025 is $9,664,000 (2024: $9,752,000).

Deferred tax assets/(liabilities) recognised:	2025	2024
	$000	$000
Accrued revenue	(5,239)	(4,239)
Deferred R&D expenditure	6,060	5,642
Intangible assets	(1,804)	(2,316)
Rights of use assets	(1,397)	(1,678)
Lease liabilities	1,688	1,947
Other temporary differences	94	13
Provision	598	631
Total deferred tax asset/(liability) recognised	-	-

Deferred tax assets unrecognised (tax effected)	2025	2024
	$000	$000
Temporary differences	1,994	6,335
Deferred R&D expenditure	4,656	3,417
Unused tax losses	3,014	-
Total deferred tax asset unrecognised (tax effected)	**9,664**	**9,752**

7. 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.

a. Cash and cash equivalents

	2025	2024
	$000	$000
Bank balances – cash at bank	7,991	11,522
Total cash and cash equivalents	**7,991**	**11,522**

b. Term deposits

	2025	2024
	$000	$000
Term deposits	14,000	18,000
Total term deposits	**14,000**	**18,000**

During the year, the Group entered into short-term deposit arrangements with BNZ and Westpac. The term deposits not yet matured as of the reporting date had an average rate of 4.35% (2024: 6.05%) per annum with a maturity of 5-9 months from the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

8. Financial assets at fair value through other comprehensive income

The Group classifies the following financial assets at fair value through other comprehensive income ("FVTOCI"):

The Group holds an equity investment in TELA Bio, a U.S. listed company. 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. The Group held 74,316 (2024: 74,316 shares) shares at a value of US$1.22 per share as at the reporting date (2024: US$5.67).

Financial assets measured at FVTOCI include the following:

	2025 $000	2024 $000
US listed equity securities		
Balance at beginning of the year	703	1,260
Changes in fair value through other comprehensive income	(545)	(557)
Balance at end of the year	**158**	**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 reporting date.

9. 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 and contract asset (note 3). To measure expected credit losses on a collective basis, trade receivables and contract asset (note 3) 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.

	2025 $000	2024 $000
Trade receivables	15,213	11,446
Less provision for impairment of trade receivables	(354)	(309)
Net trade receivables	**14,859**	**11,137**
Other receivables	211	433
Other receivables – Research and Development Tax Incentive accrual	1,088	1,693
Trade and other receivables – financial assets at amortised cost	**16,158**	**13,263**
GST receivable	169	174
Total current trade and other receivables	**16,327**	**13,437**

Trade receivables amounting to $14,859,000 (2024: $11,137,000) are shown net of impairment losses. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2025

9. Trade and other receivables (continued)

(i) Impaired receivables
As at 31 March 2025, current trade receivables with a nominal value of $354,000 (2024: $309,000) were impaired and provided for.

(ii) Past due but not impaired receivables
As at 31 March 2025, trade receivables of $1,699,000 (2024: $2,140,000) were past due but not impaired. Subsequent to the reporting date, the Group received over $917,000 of these past due trade receivables.

The ageing analysis of trade receivables is as follows:

	2025 $000	2024 $000
Current	13,160	8,997
1 - 30 days overdue	825	1,286
30 - 60 days overdue	299	377
60 - 90 days overdue	408	246
90+ days overdue	521	540
Total trade receivables	**15,213**	**11,446**

10. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the standard cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventory of $4,601,000 (FY24: $3,624,000) was recognised in cost of sales for the period, including $392,000 (FY24: $551,000) relating to stock obsolescence.

	2025 $000	2024 $000
Raw materials	2,738	2,475
Work in progress	3,209	4,178
Finished goods	3,242	2,050
Provision for obsolescence	(919)	(599)
Total inventories	**8,270**	**8,104**

11. Property, plant & equipment

(i) Recognition and measurement
Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Assets under construction are not subject to depreciation.

The useful life estimate for the current year of significant items of property, plant and equipment are as follows:

Leasehold improvements	5-15 years
Plant & equipment	10-20 years
Fixtures & fittings	3-10 years
Computer equipment	3-5 years

Depreciation methods, rates and residual values are reviewed at reporting date and adjusted if appropriate.

11. Property, plant & equipment (continued)

(iii) Capital commitment
Please refer to note 24e for capital commitments.

	Leasehold Improvements	Capital Work In Progress	Plant and Equipment	Fixture & Fitting	Computer Equipment	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance 1 April 2024	4,875	8,324	9,731	805	2,064	25,799
Additions	22	1,849	230	7	201	2,309
Transfers in/ (out)	184	(1,732)	1,479	-	69	-
Written off	-	(34)	(37)	-	-	(71)
Balance 31 March 2025	**5,081**	**8,407**	**11,403**	**812**	**2,334**	**28,037**
Accumulated Depreciation						
Balance 1 April 2024	(2,131)	-	(6,004)	(392)	(1,503)	(10,030)
Depreciation	(582)	-	(842)	(66)	(377)	(1,867)
Written off	-	-	31	-	-	31
Balance 31 March 2025	**(2,713)**	**-**	**(6,815)**	**(458)**	**(1,880)**	**(11,866)**
Net Book Value						
Balance 1 April 2024	2,744	8,324	3,727	413	561	15,769
Balance 31 March 2025	**2,368**	**8,407**	**4,588**	**354**	**454**	**16,171**

	Leasehold Improvements	Capital Work In Progress	Plant and Equipment	Fixture & Fitting	Computer Equipment	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance 1 April 2023	4,618	5,726	9,322	789	1,821	22,276
Additions	9	2,978	277	16	243	3,523
Transfers in/ (out)	248	(380)	132	-	-	-
Balance 31 March 2024	**4,875**	**8,324**	**9,731**	**805**	**2,064**	**25,799**
Accumulated Depreciation						
Balance 1 April 2023	(1,581)	-	(5,098)	(320)	(1,043)	(8,042)
Depreciation	(550)	-	(906)	(72)	(460)	(1,988)
Balance 31 March 2024	**(2,131)**	**-**	**(6,004)**	**(392)**	**(1,503)**	**(10,030)**
Net Book Value						
Balance 1 April 2023	3,037	5,726	4,224	469	778	14,234
Balance 31 March 2024	**2,744**	**8,324**	**3,727**	**413**	**561**	**15,769**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2025

12. Intangible assets

Patents that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Trademarks have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Patent and trademark costs are amortised on a straight-line basis over the useful life.

Goodwill, customer relationships and reacquired rights are attributable to the purchase of the wound care business entered into between the Group and Hollister Incorporated. Goodwill is not amortised.

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss. An impairment loss recognised for goodwill is not reversed.

Patents and trademarks, customer relationships and reacquired rights are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current period are as follows:

Patents and trademarks	2 - 21 years
Customer relationships	9 years
Reacquired rights	18 years
Capitalised development costs*	5 years

*The Group commences the amortisation when the asset is in the condition necessary for it to be capable of operating in the manner intended by management.

	Patents & trademarks	Customer relationships	Reacquired rights	Goodwill	Capitalised development costs	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance 1 April 2024	2,255	5,563	9,772	5,538	4,150	27,278
Additions	317	-	-	-	1,073	1,390
Written off	(7)	-	-	-	-	(7)
Balance 31 March 2025	**2,565**	**5,563**	**9,772**	**5,538**	**5,223**	**28,661**
Accumulated Depreciation						
Balance 1 April 2024	(514)	(3,709)	(3,257)	-	(96)	(7,576)
Amortisation	(145)	(618)	(543)	-	(670)	(1,976)
Balance 31 March 2025	**(659)**	**(4,327)**	**(3,800)**	**-**	**(766)**	**(9,552)**
Net Book Value						
Balance 1 April 2024	1,741	1,854	6,515	5,538	4,054	19,702
Balance 31 March 2025	**1,906**	**1,236**	**5,972**	**5,538**	**4,457**	**19,109**

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12. Intangible assets (continued)

	Patents & trademarks	Customer relationships	Reacquired rights	Goodwill	Capitalised development costs	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance 1 April 2023	1,611	5,563	9,772	5,538	1,332	23,816
Additions	644	-	-	-	2,818	3,462
Balance 31 March 2024	**2,255**	**5,563**	**9,772**	**5,538**	**4,150**	**27,278**
Accumulated Depreciation						
Balance 1 April 2023	(388)	(3,091)	(2,714)	-	-	(6,193)
Amortisation	(126)	(618)	(543)	-	(96)	(1,383)
Balance 31 March 2024	**(514)**	**(3,709)**	**(3,257)**	**-**	**(96)**	**(7,576)**
Net Book Value						
Balance 1 April 2023	1,223	2,472	7,058	5,538	1,332	17,623
Balance 31 March 2024	**1,741**	**1,854**	**6,515**	**5,538**	**4,054**	**19,702**

On 31 March 2025, the Group tested whether goodwill has suffered any impairment. For the purpose of impairment testing, goodwill is allocated to the Group's Wound Care business, at which goodwill is monitored for internal management purposes.

The recoverable amount is determined based on value in use calculations using the method of estimating future cash flows and determining a discount rate in order to calculate the present value of the cash flows.

A discounted cash flow ("DCF") model has been based on five-year forecast cash flow projections. The key assumptions used in calculating the recoverable amount are as follows:

	2025	2024
Discount rate before tax	14.7%	14.7%
Discount rate post tax	10.6%	10.6%
Terminal growth rate	3.5%	3.5%
Average growth rates over the forecast period	22.8%	25.8%
Average gross profit over the forecast period	89%	89%

No impairment was identified for the Wound Care business as a result of this review, nor under any reasonable possible change, in any of the key assumptions described above.

Basis of key assumptions

Cash flow projections

The cashflow projections used in the recoverable amount calculations are based on management's budget for the year ending 31 March 2026, then applicable growth rates applied to revenue and costs from year 2 to 5. Management has used its past experience of revenue growth, operating costs, margin and external sources of information where appropriate to determine their expectations for the future.

Growth rates

The growth rates reflect the long-term average growth rates for the product lines and health care industry (publicly available).

Discount rates

The present value of the expected cash flows is determined by applying a suitable discount rate. The discount rate was derived based on the weighted average cost of capital (WACC) for comparable entities in the healthcare industry, based on market data. The discount rates reflect appropriate adjustments relating to market risk.

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13. Trade and other payables

Trade and other payables are initially recognised at fair value plus directly attributable transaction costs and subsequently at amortised cost. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

	2025 $000	2024 $000
Trade payables	1,666	1,709
Accrued expenses	1,771	2,032
Total trade and other payables	**3,437**	**3,741**

Trade payables generally have terms of 30 days and are interest free. Trade payables of a short-term duration are not discounted.

14. Employee benefits

(i) Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The obligations are presented as other payables and accruals in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

	2025 $000	2024 $000
Leave and wages accrual	1,905	2,512
Bonus accrual	504	324
Commission accrual	1,200	872
Employee benefits	**3,609**	**3,708**

15. Right of use assets

	2025 Properties Total $000	2024 Properties Total $000
Balance at beginning of the year	6,447	6,403
Additions during the year	-	1,068
Depreciation for the year	(1,100)	(1,024)
Modification adjustment	(12)	-
Balance at end of the year	**5,335**	**6,447**

16. Lease liabilities

	2025 Properties Total $000	2024 Properties Total $000
Balance at beginning of the year	7,435	7,107
Additions during the year	-	1,068
Interest expense (note 5)	476	490
Lease payments	(1,483)	(1,230)
Modification adjustment	(12)	-
Balance at end of the year (note 21)	**6,416**	**7,435**
Current	1,119	1,004
Non-current	5,297	6,431
Total	**6,416**	**7,435**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

• Leases of low value assets; and
• Leases with a term of 12 months or less

On initial recognition, the carrying value of the lease liability may also include:

• amounts expected to be payable under any residual value guarantee;
• the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option;
• any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

• lease payments made at or before commencement of the lease;
• initial direct costs incurred; and
• the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Nature of leasing activities (in the capacity as lessee)
The Group leases four properties in the jurisdictions in which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in others to be reset periodically to market rental rates.

As standard industry practice, the Group's property leases are subject to market rent reviews. A 1% increase in these payments would result in an additional $15,000 outflow compared to the current period's cash outflow of $1,483,000 (2024: $1,230,000).

Please refer to note 21 for lease maturity analysis.

17. 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. These ordinary shares have no par value.

	2025 $000	2024 $000
Share capital at beginning of the year	**146,798**	**146,491**
Shares exercised under share option plan	34	196
Issue of shares to employees	10	111
Share capital at end of the year	**146,842**	**146,798**

# of shares	Ordinary shares 2025	Ordinary shares 2024
At beginning of year	**344,207,834**	**343,109,468**
Issue of share capital	692,422	1,098,366
At end of year	**344,900,256**	**344,207,834**

18. Share based payments reserve

Share option plan

The Group operates a share option plan for selected employees to provide an opportunity to participate in a Share Option Plan. This is an offer of options to acquire ordinary shares. Under the terms of the plan, a parcel of options was issued to 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 purchase 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.

On 13 December 2024, the Company granted 3,007,872 shares to selected employees 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 27 or the vesting date of June 25, June 26 and June 27. The number of share rights that will vest depend on the Company's performance against the criteria below:

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

Grant of restricted stock units.

On 13 December 2024, the Company granted 1,026,235 units to selected employee with a nil exercise price. The units will vest if the service-based condition is met with the vesting date of March 27 or the vesting date of March 25, March 26 and March 27.. The fair value of the restricted stock units is AUD0.68 which is the share price on the grant date.

18. Share based payments reserve (continued)

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

Grant Date	13 December 2024 – Grant of performance share rights*	23 Jul 2024 – Grant of performance share rights	6 Oct 2023 Performance	6 Oct 2023 Non-performance
Share price at grant date (AUD)	0.650	0.620	0.819	0.755
Valuation date	13 December 2024	23 Jul 2024	6 Oct 2023	6 Oct 2023
Share price at valuation date (AUD)	0.650	0.620	0.76	0.76
Average exercise price (NZD)	Nil	Nil	0.97	0.97
Expected volatility*	43%	37%	72%	72%
Expected life	3 years	3 years	5 years	5 years
Risk free factor	3.86%	4.41%	3.98%-4.06%	4.10%
Valuation model	Monte Carlo	Monte Carlo	Monte Carlo	Binomial
Dividend yield	0%	0%	0%	0%

*The valuation relates to performance share rights with a vesting date of June 2027. Performance share rights vesting in June 2025 and June 2026 have been valued based on options issued in October 2023.

	Audited 31 March 2025 $000	Audited 31 March 2024 $000
Opening balance	**10,268**	**7,179**
Share based payment expense	2,638	3,404
Employee shares forfeited	(478)	(223)
Total expenses recognised in consolidated statement of profit or loss	**2,160**	**3,181**
Forfeiture of employee shares released through retained earnings in equity	(1,907)	-
Exercise of employee shares recognised through share-based payments reserve	(34)	(92)
Total changes recognised in consolidated statement of movements in equity	**(1,941)**	**(92)**
Closing balance	**10,487**	**10,268**

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 since 2017 (Refer to note 20).

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

	2025 Average exercise price per option NZ$	2025 # of options	2024 Average exercise price per option NZ$	2024 # 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)	-	-
Closing balance	**0.10**	**790,725**	**0.10**	**1,735,725**
Vested and exercised as at 31 March	0.10	790,725	0.10	1,735,725

18. Share based payments reserve (continued)

Share options outstanding at the end of the year have the following expiry dates:

Grant date	Expiry date	Share options 2025	Share options 2024
1 October 2018	01 October 2028	790,725	790,725
1 December 2019	30 November 2029	-	945,000
Total		**790,725**	**1,735,725**

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 issued options to certain employees and directors until October 2023 (Refer to note 20). The Company has adopted a new Omnibus Incentive Plan (Refer to 18(c) and 18 (d)). The existing share option plan remains in effect for the securities issued under this plan.

Grants under the Option Plan comprised 20,025,538 (2024: 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

	2025 Average exercise price per option NZ$	2025 # of options	2024 Average exercise price per option NZ$	2024 # 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 year	-	-	0.81	(50,000)
Forfeited during the period	0.88	(5,541,597)	1.06	(1,450,406)*
Closing balance	**0.86**	**20,025,358**	**0.78**	**25,566,955**
Vested and exercised as 31 March	1.08	12,027,365	1.09	11,919,471

* Includes 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 end of the year have the following expiry dates:

Grant date	Expiry date	Share options 2025	Share options 2024
24 July 2020	23 July 2025	5,104,050	5,104,050*
29 September 2020	28 September 2025	1,040,000	1,538,200
22 April 2021	31 March 2026	200,000	200,000
28 June 2021	28 June 2026	1,535,000	2,005,000
9 August 2021	8 August 2026	2,475,000	2,925,000
1 August 2022	29 February 2028	2,806,577	3,432,419
14 November 2022	13 November 2027	1,450,323	1,712,515
3 August 2023	13 November 2027	210,686	210,686
6 October 2023	30 June 2024 - 3 August 2028	5,203,722	8,439,085
Total		**20,025,358**	**25,566,955**

18. Share based payments reserve (continued)

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

c. Aroa Biosurgery share rights (the "Omnibus Incentive Plan")
The Company issued performance share rights to key management and certain employees of the company (Refer to note 20).

Summary of performance share rights

	FY25 # of rights	FY24 # of right
Opening balance	-	-
Granted in July 2024	961,255	-
Granted in December 2024	3,007,872	-
Forfeited during the period	(135,388)	-
Closing balance	**3,833,739**	**-**
Vested and exercised as 31 March	-	-

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

Grant date	Expiry date	Share rights 2025	Share rights 2024
23 July 2024	30 June 2027	961,255	-
13 December 2024	30 June 2025 – 30 June 2027	2,872,484	-
Total		**3,833,739**	**-**

d. Aroa Biosurgery restricted stock unites (the "Omnibus Incentive Plan")
During the year, the Company issued restricted stock units to key management and certain employees of the company (Refer to note 20).

Summary of restricted stock units

	FY25 # of units	FY24 # of units
Opening balance	-	-
Granted in December 2024	1,026,235	-
Forfeited during the period	(67,694)	-
Closing balance	**958,541**	**-**
Vested and exercised as 31 March	-	-

18. Share based payments reserve (continued)

Restricted stock unit at the reporting date have the following expiry dates:

Grant date	Expiry date	Stock units 2025	Stock units 2024
13 December 2024	30 March 2025 – 30 March 2027	958,541	-
Total		**958,541**	**-**

19. Earnings per share

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

	2025 '000	2024 '000
Numerator		
Loss for the year after tax ("N") in $000	(3,813)	(10,628)
Denominator		
Weighted average number of ordinary shares used in basic EPS ("D1")	344,900	343,825
Effects of:		
Employee share options *	25,824	24,049
Weighted average number of shares used in diluted EPS ("D2")	344,900	343,825
	Cents	**Cents**
Basic earnings per share (N/D1 x 100)	(1.11)	(3.09)
Diluted earnings per share (N/D2 x 100)	(1.11)	(3.09)

* As employee share options are currently anti-dilutive due to the Group making losses, these were not included in the calculation of diluted earnings per share above.

20. Related parties

(i) Subsidiaries

Interests in subsidiaries are set out in Note 1.

(ii) Key management compensation

Key management includes Directors (Executive and Non-Executive) and the executive management team.

Executive management team	2025 $000	2024 $000
Short term employee benefits	2,201	2,239
Employer contributions defined contribution superannuation scheme	56	-
Share based payment expenses	847	1,254
Total	**3,104**	**3,493**

Non-executive directors	2025 $000	2024 $000
Short term employee benefits	720	710
Share based payment expenses	151	316
Total	**871**	**1,026**

20. Related parties (continued)

(iii) Year end balances

There were no related party balances at year end other than loans provided to key management personnel for acquisition of Company shares prior to IPO of $86,000 (2024: $92,000), including interest of $5,000 (2024: Nil) on the loans (note 24).

(iv) Transactions with related parties

There were no other related party transactions during the year.

21. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk (note 9) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and aging analysis for credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control risk exposures within acceptable parameters whilst optimising the return on risk.

Foreign exchange risk

The Group is exposed to currency risk on sales, purchases and liabilities that are denominated in a currency other than the respective functional currency of the Company, being NZ dollars (NZD). The currency risk arises primarily with respect to sales and expenses.

The Group has certain net monetary assets/(liabilities) that are exposed to foreign currency risk. The table below summarises the Group's net exposure at reporting date to foreign currency risk, against its respective functional currency, expressed in NZ dollars.

Exposure to foreign currency risk

2025	USD $000	AUD $000	EUR $000	CAD $000
Cash and cash equivalents	2,413	-	-	-
Trade and other receivables	8,957	24	183	35
Financial assets at FVTOCI	91	-	-	-
Trade and other payables	(1,197)	(59)	(1)	(1)
Lease liabilities	(220)	-	-	-
Derivatives	24,684	-	-	-
Net exposure	**34,728**	**(35)**	**182**	**34**

2024	USD $000	AUD $000	EUR $000	CAD $000
Cash and cash equivalents	1,446			
Trade and other receivables	6,763	-	68	31
Financial assets at FVTOCI	421	-	-	-
Trade and other payables	(3,796)	(30)	(1)	(4)
Lease liabilities	(289)	-	-	-
Derivatives	27,150	-	-	-
Net exposure	**31,695**	**(30)**	**67**	**27**

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21. Financial risk management (continued)

The following significant exchange rates applied during the year:

	Average rate 2025	Average rate 2024	Closing rate 2025	Closing rate 2024
NZD/USD	**0.5940**	**0.6101**	**0.5710**	**0.5991**

Sensitivity analysis – underlying exposures

A 5% weakening/strengthening of the NZ dollar against the US dollar at 31 March 2025 would have increased/decreased equity and the net result for the period by the amounts shown below. Based on historical movements a 5% increase or decrease in the NZ dollar is considered to be a reasonable estimate. This analysis assumes that all other variables remain constant.

US dollar

The Group's net result and equity for the period would have been $3,201,000 higher on a 5% weakening of the NZ dollar (2024: $2,784,000 higher), and $2,896,000 lower on a 5% strengthening of the NZ dollar as at 31 March 2025 (2024: $2,519,000 lower).

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as from the Group's receivables due from customers. Only major banks are accepted for cash and deposit balances.

Payment and delivery terms are agreed to within each of the respective customers agreements. Aging of payments due from customers are monitored on a regular basis (Refer to note 9).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payments in respect of financial liabilities.

		Less than 3 months	3-12 months	Between 1 and 2 years	Over 2 years	Total contract-ual cash flows	Total carrying amounts
At 31 March 2025	Note	$000	$000	$000	$000	$000	$000
Non derivative financial liabilities							
Trade and other payables	13	3,437	-	-	-	3,437	3,437
Lease liabilities	16	380	1,143	1,562	4,485	7,570	6,416
Total		**3,817**	**1,143**	**1,562**	**4,485**	**11,007**	**9,853**

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21. Financial risk management (continued)

At 31 March 2025	Note	Less than 3 months $000	3-12 months $000	Between 1 and 2 years $000	Over 2 years $000	Total contract-ual cash flows $000	Total carrying amounts $000
Derivative financial liabilities							
Derivative liabilities		510	912	716	-	2,138	2,138
Total		**510**	**912**	**716**	**-**	**2,138**	**2,138**

At 31 March 2024	Note	Less than 3 months $000	3-12 months $000	Between 1 and 2 years $000	Over 2 years $000	Total contract-ual cash flows $000	Total carrying amounts $000
Non derivative financial liabilities							
Trade and other payables	13	3,741	-	-	-	3,741	3,741
Lease liabilities	16	370	1,113	1,523	6,070	9,076	7,435
Total		**4,111**	**1,113**	**1.523**	**6,070**	**12,817**	**11,176**

At 31 March 2024	Note	Less than 3 months $000	3-12 months $000	Between 1 and 2 years $000	Over 2 years $000	Total contract-ual cash flows $000	Total carrying amounts $000
Derivative financial liabilities							
Derivative liabilities		507	406	149	-	1,062	1,062
Total		**507**	**406**	**149**	**-**	**1,062**	**1,062**

Capital adequacy

The Board's aim is to maintain a strong capital base to sustain future development of the business and to maintain investor and creditor confidence. The shareholder funds raised to date provide the Group a sufficient capital base to continue to grow the business.

22. Financial instruments by category

(i) Non-derivative financial liabilities

The Group initially recognises all other financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date, which is the date that the Group become a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liability category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

22. Financial instruments by category (continued)

(i) Non-derivative financial assets

The Group initially recognises financial assets at amortised cost on the date that they are originated.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through other comprehensive income and financial assets at amortised cost.

(ii) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value. Derivatives are carried in the consolidated statement of financial position at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in the finance income or expenses. The Group does not apply hedge accounting for derivative contracts.

The Group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value.

At 31 March 2025	Note	Assets at amortised cost $000	Assets at fair value through other comprehensive income $000	Total $000
Financial assets as per Consolidated Statement of Financial Position				
Cash and cash equivalents	7a	7,991	-	7,991
Term deposits	7b	14,000	-	14,000
Trade and other receivables	9	16,158	-	16,158
Financial assets at FVTOCI	8	-	158	158
Total financial assets		**38,149**	**158**	**38,307**

At 31 March 2025	Note	Liabilities at amortised cost $000	Liabilities at fair value through profit and loss $000	Total $000
Financial liabilities as per Consolidated Statement of Financial Position				
Trade and other payables	13	1,666	-	1,666
Lease liabilities	16	6,416	-	6,416
Derivative liabilities		-	2,138	2,138
Total financial liabilities		**8,082**	**2,138**	**10,220**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2025

22. Financial instruments by category (continued)

At 31 March 2024	Note	Assets at amortised cost $000	Assets at fair value through other comprehensive income $000	Total $000
Financial assets as per Consolidated Statement of Financial Position				
Cash and cash equivalents	7a	11,522	-	11,522
Term deposits	7b	18,000	-	18,000
Trade and other receivables	9	13,263	-	13,263
Financial assets at FVTOCI	8	-	703	703
Total financial assets		**42,785**	**703**	**43,488**

At 31 March 2024	Note	Liabilities at amortised cost $000	Liabilities at fair value through profit and loss $000	Total $000
Financial liabilities as per Consolidated Statement of Financial Position				
Trade and other payables	13	1,709	-	1,709
Lease liabilities	16	7,435	-	7,435
Derivative liabilities		-	1,061	1,061
Total financial liabilities		**9,144**	**1,061**	**10,205**

(i) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below.

Financial assets	Note	2025 $000	2024 $000
US listed equity securities	8	158	703
Derivative financial (liabilities)/assets		(2,138)	(1,061)

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 reporting date. The fair value of derivative assets is based on level 2 inputs.

(ii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, term deposits, trade and other receivables, and trade and other payables approximates their fair value.

23. Events after the reporting date

There have been no significant events subsequent to reporting date which required disclosure in or adjustment to the consolidated financial statements.

24. Other Disclosures

a. Reconciliation of loss after income tax to cash flow from operating activities

	2025 $000	2024 $000
Loss after tax	(3,813)	(10,628)
Add / (deduct) non-cash items:		
Depreciation of property, plant and equipment	1,867	1,988
Depreciation of right of use assets	1,100	1,024
Gain on disposal of assets	7	-
Amortisation of intangibles	1,976	1,383
Share based payment expenses	2,160	3,181
Interest – lease liabilities	476	490
Unrealised currency losses / (gains)	1,276	1,897
Movement in working capital:		
Movement in provisions	13	3
Movement in tax receivable	(1)	(26)
Movement in trade and other receivables	(2,890)	901
Movement in prepayments and contract assets	(4,161)	(4,424)
Movement in inventories	(166)	(3,273)
Movement in trade and other payables	(403)	109
Movement in interest on employee loan	(7)	-
Net cash flows from operating activities	**(2,566)**	**(7,375)**

b. Reconciliation of changes in liabilities arising from financing activities.

	Note	Total lease liabilities 2025 $000	Total lease liabilities 2024 $000
At 1 April		(7,435)	(7,107)
Cash flow – lease payments		1,483	1,230
Non-cash flow:			
Modifications during the year	16	12	(1,068)
Interest accrued during the year	16	(476)	(490)
At 31 March		**(6,416)**	**(7,435)**

c. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at reporting date exchange rates are recognised profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined and are recognised in Other Comprehensive Income (except on impairment in which case foreign currency differences that have been recognised in Other Comprehensive Income are reclassified to profit or loss).

d. Goods and services tax (GST)

Revenues and expenses have been recognised in the financial statements exclusive of GST except that irrecoverable GST input tax has been recognised in association with the expense to which it relates. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

24. Other Disclosures (continued)

e. Capital commitments
As at 31 March 2025, the Group had no capital commitments (2024: $867,500).

f. Contingent liabilities
As at 31 March 2025, the Group had no significant contingent liabilities (2024: $nil).

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Non-Executive Director and Chairman
Jim McLean

Non-Executive Directors
Catherine Mohr
Darla Hutton
John F Diddams
John Pinion
Phil McCaw
Steve Engle

Chief Executive Officer and Managing Director
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Company Secretaries
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