

Unlocking regenerative
healing for everybody



ANNUAL REPORT 2025



CONTENTS

2025 Highlights	04
Results in Brief	06
Chair's Review	09
CEO's Report	10
Board of Directors	16
Executive Leadership Team	20
Sustainability Report	22
Directors' Report	28
Remuneration Report	32
Directors' Responsibility Statement	43
Independent Auditor's Report	47
Consolidated Financial Statements	55
Notes to the Consolidated Financial Statements	60
Additional Information	84
Glossary and Other Information	92
Corporate Directory	94

+ KEY DATES

20 August 2025

Annual General Meeting of Shareholders

30 September 2025

Financial Half Year End

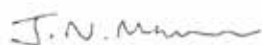
25 November 2025*

Half Year Results Announcement

31 March 2026

Financial Year End

This Annual Report is dated 27 June 2025 and is signed on behalf of Aroa Biosurgery Limited by James McLean, Independent Chair of the Board and Brian Ward, Managing Director and CEO.



James McLean

Independent Chair of
the Board of Directors



Brian Ward

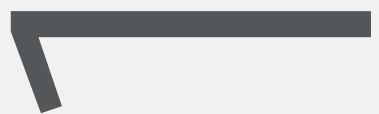
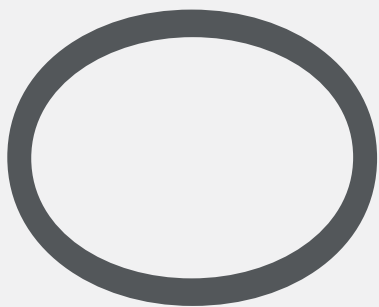
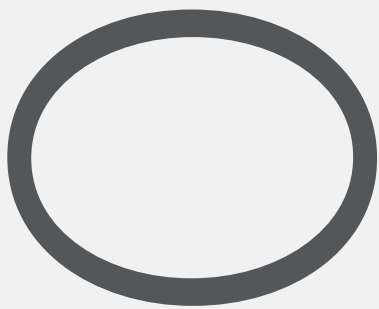
Managing Director
and CEO

*Indicative date

All currency is in New Zealand dollars and on a reported basis except where indicated.

YEAR IN NUMBERS

2025 HIGHLIGHTS



peer
reviewed
studies
published

7+ million

AROA ECM
devices used
in clinical
applications
worldwide

**Normalised
EBITDA profit¹**

\$4.2
million

23%

**Total
Revenue
Growth**
on FY24



24%

**Product
Revenue
Growth**
on FY24



38%

**Myriad™
Product
Revenue
Growth**
on FY24



1%

**Gross
Margin
Growth**
on FY24



RESULTS IN BRIEF

Total Revenue

↑ **23%**
GROWTH
ON FY24

\$84.7
MILLION

Product Gross Margin

↑ **1%**
GROWTH
ON FY24

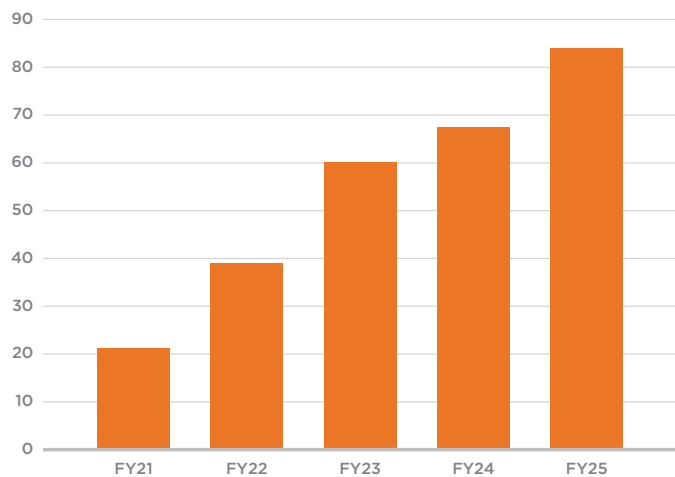
86%

Cash Balance

\$22
MILLION

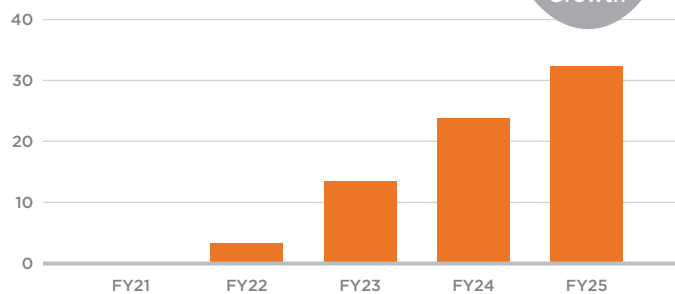
Total AROA Product Sales

24%
YoY
Growth



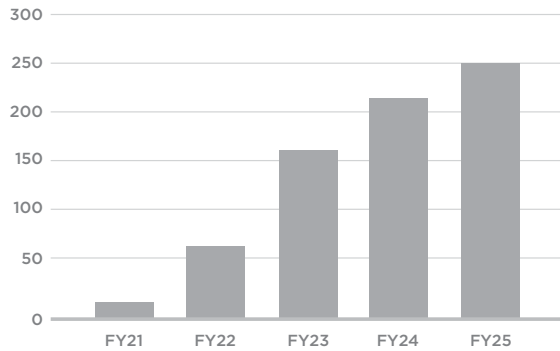
Myriad Sales

38%
YoY
Growth



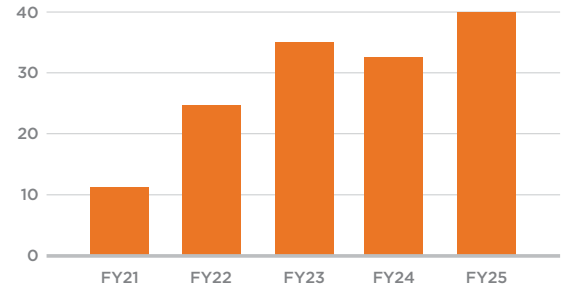
Myriad Active Accounts

15%
YoY Growth

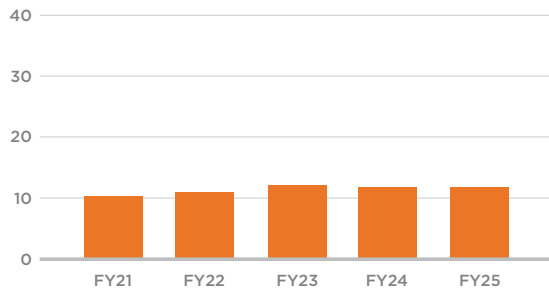


TELA Bio™ Sales

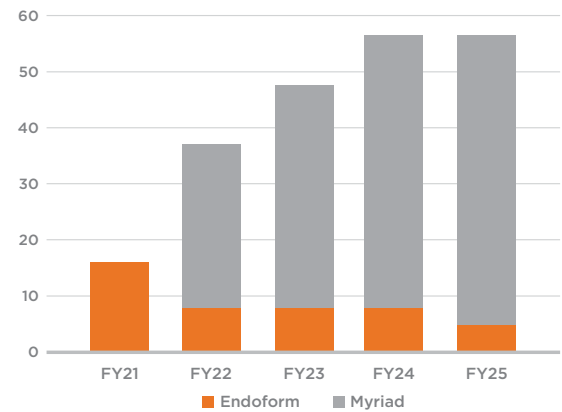
22%
YoY Growth



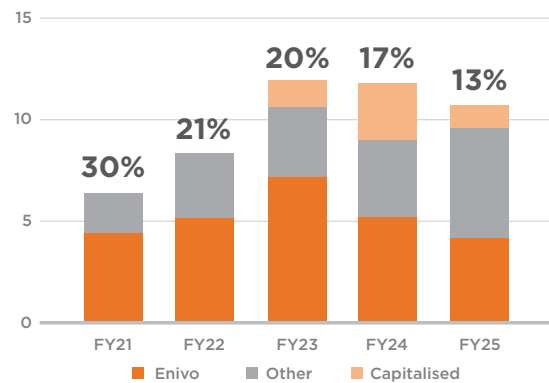
Endoform™ Sales



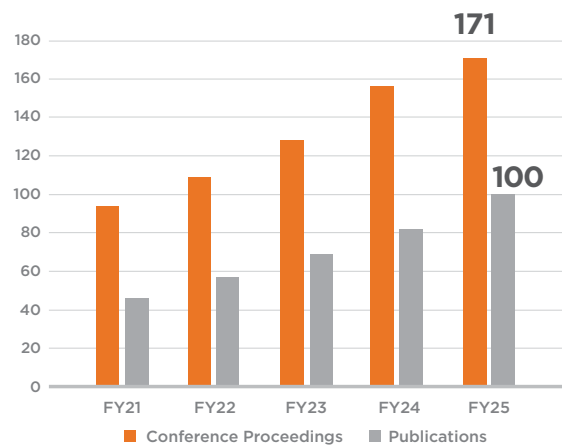
Sales Team



Research & Development Spend % of Product Sales



Clinical Evidence





CHAIR'S REVIEW

The Board remains focused on demonstrating long term value to shareholders, through increased profitability, innovation and market expansion.



“The company’s performance reflects steady growth, with an increase in total revenue of 23% year on year. The high margin Myriad portfolio, supported by robust clinical evidence, continues to be a key contributor to growth.”

FY25 was a significant year for the Company, delivering a normalised EBITDA of \$4.2m¹.

Achieving this level of profitability is validation of the strategic vision we laid out several years ago. It reflects not only the strength of our AROA ECM technology, but also the sustained efforts of our leadership team, employees, and partners.

The Company’s FY25 performance reflects steady growth across key metrics, with an increase in total revenue of 23% on FY24.

The Myriad portfolio continues to drive strong growth, achieving 38% year on year sales growth. The consistently strong growth of the high margin Myriad portfolio is supported by a large body of robust clinical evidence, improvement in sales productivity and deeper account penetration.

The Board remains focused on demonstrating long-term value to shareholders. This means not only maintaining our profitability, but increasing it year over year through scale, innovation, and market expansion.

AROA maintains a strong cash position and will continue to make strategic investment in areas that will accelerate further growth and deliver increasing profitability.

As the CEO Report covers in more detail, we have realigned our senior leadership roles to better support our next phase of growth.

With over 100 peer reviewed publications demonstrating the efficacy of the AROA ECM technology, a high calibre team and results-driven commercial strategy, the Company is well positioned to build on its strong foundations, further increasing market share and profitability through FY26 and beyond.

On behalf of the Board, I want to thank our shareholders for their continued support, AROA’s management team for their strong leadership, and the entire AROA team for their dedication to unlocking regenerative healing for everybody.

A handwritten signature in dark ink, appearing to read 'J. N. McLean'.

James McLean

Independent Chair
of the Board of Directors



CEO'S REPORT

This year we've reached a significant milestone - 100 peer reviewed publications describing the scientific basis of our AROA ECM technology.

The Myriad portfolio continues driving strong growth, achieving a 38% year on year increase.

This year the company has made significant progress towards growing profitability.

We are pleased to have exceeded guidance, delivering \$84.7m in total revenue and a normalised EBITDA profit of \$4.2 million¹.

I am immensely proud of the dedication and effort from our team. It has provided the basis for our continued growth.

+ Commercial Operations

The Myriad portfolio continues to perform strongly, with our sales team delivering 38% year-on-year growth. This growth was underpinned by increasing success in lower limb salvage procedures, and large complex wounds, which are key procedures in our target market - the operating room.

Increasingly, we are seeing that Myriad sets itself apart from alternatives by offering breakthrough value for patients, surgeons and hospitals. It typically restores tissue within 3 weeks,

with a single application, and minimal complications. This not only improves patient outcomes but also reduces hospital costs and enhances operational efficiencies.

Beyond these procedures, we are also seeing success in a wide range of other procedures which underscores Myriad's versatility. We see the potential for Myriad to become the go-to product for soft tissue reconstruction procedures.

The company's sales to Tela Bio of OviTex and OviTex PRS were up 22% on last year but were softer than anticipated. This was predominantly due to operational challenges. However, the OviTex portfolio continues to deliver superior clinical outcomes.

With increased scrutiny being placed on the use of synthetics, we remain confident that OviTex overcomes many of the shortcomings of existing offerings and we expect sales will return to a higher growth trajectory.



+ Clinical Evidence

FY25 was a significant year for clinical evidence, as we reached 100 peer-reviewed publications describing the scientific basis of our AROA ECM technology and clinical outcomes in a wide range of soft tissue regeneration applications. We now have a large body of evidence which demonstrates the distinctive properties of our technology, and the enhanced clinical outcomes.

We also saw the first publication of clinical evidence from our ongoing prospective Myriad Augmented Soft Tissue Reconstruction Registry (MASTRR) focused on lower limb salvage. This study, the largest of its kind, demonstrated that even in compromised patients with wounds which are contaminated and typically difficult to heal, Myriad restored tissue with a single application and no complications. The study also highlighted the potential for significant cost savings for hospitals.



“Over the next year, we will continue focusing on two key areas: top line growth driven by Myriad and increased profitability.”

High quality clinical evidence is an important factor in persuading clinicians to adopt a new product. We will continue investing in this critical area and in the coming year, we expect to publish studies in trauma procedures, pilonidal sinus disease, and burns procedures, based on MASTRR data.

+ Product Development

During FY25, product line extensions in the Myriad and OviTex product families were successfully developed and launched, refining our product portfolios to address the specific requirements of particular use cases.

We decided to pause the launch of Symphony due to uncertainty in reimbursement policy. The fluctuating nature of proposed reimbursement policy across this market segment has introduced confusion and concerns around reimbursement success and predictability. This state of flux means that health providers are consequently opting not to change their usage practices in the meantime.

We understand that manufacturers are likely to be required to provide clinical data from Randomised Controlled Trials (RCTs) from CY 2026 in order to be eligible for reimbursement in certain case types. Our Symphony RCT for diabetic foot ulcers is now in the final phases, and we expect to be well placed to access reimbursement from FY26.

We remain committed to commercialising our second platform, Enivo, which addresses a large unmet clinical need in soft tissue reconstruction and complements our existing offerings. The market opportunity for Enivo is estimated to be in excess of US \$1 Billion.

We see an opportunity to advance clinical practices by combining our existing products with Enivo to deliver a step change in outcomes by improving the rate and quality of healing and reducing complications.

We are working through US Federal Drug Administration (FDA) requirements for further preclinical and clinical studies and expect these to be complete within the next 36 months.

+ Leadership Team

To support AROA's next phase of growth, we have adjusted our leadership structure, with several key team members transitioning into roles more closely aligned with our medium term strategic priorities.

Rod Stanley, who has had a long and diverse career with AROA, has been appointed Chief Operating Officer. In this role, he will focus on driving operational excellence and supporting the delivery of commercially focused strategic initiatives.

Yasmin Winchester, another longstanding team member, has been appointed to the role of Chief of Technical Operations. In this role, she will have expanded responsibilities, including oversight of Manufacturing and Operations Engineering.

Isaac Mason has been appointed to the role of Vice President - Product Strategy, where he will focus on shaping and accelerating the development of new products and product line extensions to capitalise on key commercial opportunities.

These leadership changes ensure that our senior team is focused on the areas most critical to driving momentum and delivering commercial success.

+ FY26 Outlook

We have announced FY26 guidance² - total revenue of \$92-100 million, representing 10-20% growth on constant currency basis, and normalised EBITDA¹ of \$5-8 million.

We will continue to focus on two key areas: top line growth driven by Myriad and increased profitability.

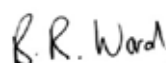
Top-line sales growth will be driven by our focus on Myriad in lower limb salvage and large complex wounds, expanding within existing accounts and improving sales productivity

We will also continue to carefully manage our expenses with a particular focus on maintaining operating and development expenses at similar levels to FY25 to ensure that we are cashflow positive. With a cash balance of \$22 million, we are well positioned to continue executing our growth strategy.

+ Concluding remarks

We remain firmly focused on continuing to build a sustainable, high-growth business that delivers transformative value to patients, clinicians, hospitals and shareholders, as we execute on our mission to unlock regenerative healing for everybody.

We sincerely thank our shareholders for their continued trust and support in our vision and the strength of our business. Your belief and support underpins our ongoing success.

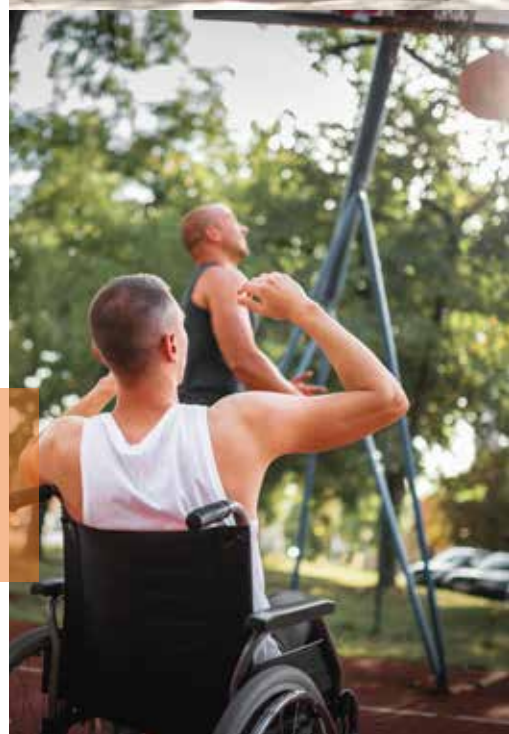


Brian Ward

Founder, Managing Director and CEO



Backed by compelling clinical evidence, AROA delivers world-leading outcomes in functional tissue regeneration, even in the most complex patients.





BOARD OF DIRECTORS



BOARD RESPONSIBILITIES

Chairman and independent non-executive director and member of the Audit Committee.

TERM OF OFFICE

First appointed
10 August 2011.

Last re-elected
10 August 2022.

James McLean

James (Jim) is a resident of New Zealand. He has over 25 years' experience serving as chair, director, or an executive of research and technology businesses for both commercial and New Zealand Government organisations. In addition to AROA, Jim is also Chair of Prevar Limited.

He was Chair of the New Zealand Institute of Plant & Food Research and Chair of its predecessor HortResearch, as well as several private businesses and start-up companies. He served on the board of the then Foundation for Research, Science, and Technology, including five years as Deputy Chair. Jim was an executive and director of Genesis Research & Development Corporation Limited during its early stages through to public listing.

Before specialising in science and technology businesses, Jim held management positions with an international manufacturing business and spent thirteen years as a partner at chartered accountants, EY. His time at EY was focused on business strategy and included two years' secondment to EY's Washington DC office.

Jim has a BSc (Hons) in Chemistry from University of Otago and a Post Graduate Diploma in Accounting from Victoria University of Wellington.



BOARD RESPONSIBILITIES

Managing Director
(and CEO).

TERM OF OFFICE

First appointed
21 September 2007.

Brian Ward

Brian is the founder of AROA and a resident of New Zealand. He has held senior corporate roles in life sciences and health care companies for more than 25 years. He has extensive management experience in life science companies spanning clinical, technical, sales, marketing, corporate development and strategy having worked for a number of multinationals including Baxter, Beecham and SmithKline Beecham throughout the world. He has managed investments into New Zealand technology companies for the Foundation for Research Science and Technology, served as the founding CEO of NZBio, and

has sat on a number of government and industry expert panels.

Brian has been responsible for leading AROA's growth from start-up through to the present.

As CEO and a substantial shareholder in the Company, he is considered by the Board to not be an independent director.

Brian is a graduate of Massey University with a Bachelor's degree in Veterinary Science, a Member of the Royal College of Veterinary Surgeons (UK) and holds a Masters degree in Business Administration graduating with distinction.



BOARD RESPONSIBILITIES

Independent non-executive director, Chair of the Audit Committee and member of the Remuneration Committee.

TERM OF OFFICE

First appointed
21 November 2019.

Last re-elected
3 August 2023.

John Diddams

John is a resident of Australia and has over forty years' experience as a CFO, CEO and director of both private and publicly listed companies. John is currently the non-executive Chairman of xReality Group Limited (ASX: XRG) and is a non-executive director of Surf Lakes Global Inc. and DIT AgTech Limited.

John has extensive knowledge and experience in the practical application of ASX Listing Rules, Australian corporations' law, international accounting standards and corporate governance principles. He heads a CPA firm providing corporate advisory

services to SME and mid-cap companies and has managed the listing process, secondary capital raisings and ASX listings in a number of diverse industry sectors, including oil and gas, food and retail, telecommunications, adventure tourism, biotechnology, and the dental and medical sectors.

John holds a Bachelor of Commerce from University of NSW, is a Fellow of the Australian Society of CPAs and a Fellow of the Australian Institute of Company Directors.



BOARD RESPONSIBILITIES

Independent non-executive director and member of the Risk Committee.

TERM OF OFFICE

First appointed
22 March 2024.

Elected
23 July 2024.

Darla Hutton

Darla is a resident of the US and has been a director of Aroa Biosurgery since March 2024.

She has more than 25 years of medical technology experience, including global leadership expertise in commercial strategy, operations, sales, marketing, healthcare analytics, lean and enterprise consulting.

Darla is currently vice president, Asia commercial operations and marketing at Intuitive, pioneers in the field of robotic-assisted surgery and maker of the da Vinci surgical and ION diagnostic robot systems.

Throughout her tenure at Intuitive, Darla has held commercial roles of increasing responsibility including Regional Sales Director, Vice President of Corporate

Accounts-US, and Vice President Marketing, Market Access & Custom Hospital Analytics. In these roles, she has contributed to the expansion of Intuitive's commercial operations capabilities and range of global offerings. In addition, Darla has served as a member of Intuitive's Inclusion and Diversity Executive Council.

Prior to Intuitive, Darla held commercial positions at other successful medical technology, pharmaceutical, and biotech companies, including Boston Scientific and GlaxoSmithKline, and spent her early professional career in the cardiac-thoracic nursing field.

Darla holds a Bachelor of Science and Master of Science.



BOARD RESPONSIBILITIES

Non-executive director and member of the Remuneration Committee

TERM OF OFFICE

First appointed
5 March 2008.

Last re-elected
23 July 2024.

Philip McCaw

Philip (Phil) McCaw is a resident of New Zealand and is the Founding Partner of Movac, one of New Zealand's leading Venture Capital funds. He led the original investment round into AROA in 2008, has worked closely with the Company and has served on the Board since then. He is currently the Executive Chair and CEO of Docuvera, a software company that delivers component authoring solutions, enabled by AI, for the largest global pharmaceutical companies. He was also Chair of the 2023 New Zealand Government's Start Up Advisors Council, established to help identify and address the opportunities and challenges facing high growth start-up businesses.

Phil has over 20 years' experience investing into New Zealand technology companies and helping to guide their growth. He was an early investor in Trade Me, New Zealand's leading on-line trading community, which was sold to

Fairfax in 2006. Phil was also an early investor into PowerByProxi, a wireless power technology spin-out from Auckland University, which was sold to Apple in 2018.

Outside of Movac, Phil remains an active angel investor and maintains a personal angel investment portfolio. He is a strong advocate for the development of the entrepreneurial and early-stage investment eco-system in New Zealand and was the past Chair of the Angel Association of New Zealand.

Prior to starting Movac, Phil spent 10 years with Deloitte Consulting working in New Zealand and the US.

As a substantial shareholder in AROA, Phil is considered by the Board to not be an independent director.

Phil has a Bachelor of Business Studies (Senior Scholar) from Massey University.



BOARD RESPONSIBILITIES

Independent non-executive director, Chair of the Remuneration Committee and member of the Risk Committee since 1 April 2024.

TERM OF OFFICE

First appointed
1 November 2022.

Last re-elected
3 August 2023.

Dr. Catherine Mohr

Catherine is a New Zealand citizen and resident of the US. She has over 30 years' experience across a diverse range of fields, including engineering, healthcare, alternative energy, aerospace and global entrepreneurship.

Her expertise spans many areas related to AROA's next stage of growth, including medtech product research and development, FDA approvals, product commercialisation and surgery technology innovation.

She has been President of the Intuitive Foundation since 2018. Prior to leading the Foundation, Catherine held senior roles at Intuitive Surgical, including Vice President of Strategy and Director of Medical Research. Intuitive Surgical is a pioneer in the robotic-assisted surgery field and developed the da Vinci surgical

robotic system which is used in millions of surgical procedures across the globe every year.

Catherine is also on the board of directors for FINCA International and cofounded VeriSure, where she invented the LapCap™, the first of a new category of laparoscopic surgery enabling products.

Catherine holds a Bachelor of Science and Master of Science in Mechanical Engineering from Massachusetts Institute of Technology (MIT) and Doctor of Medicine from the Stanford University School of Medicine.



BOARD RESPONSIBILITIES

Independent non-executive director, Chair of the Risk Committee and member of the Audit Committee.

TERM OF OFFICE

First appointed
1 February 2015.

Last re-elected
23 July 2024.

John Pinion

John is a resident of the US. He has over 30 years of global experience leading biologic, small molecule pharmaceutical, gene therapy and device operations across Asia, Europe and the Americas. His expertise and leadership spans engineering, quality, manufacturing and translational sciences. He joined Ultragenyx in July 2015 and currently holds the role of EVP, Translational Sciences and Chief Quality Operations Officer. He provides leadership for Ultragenyx's translational sciences functions which includes Pharmacology and Toxicology, Research and Bioanalytical Development, as well as GxP Quality and Compliance and CMC Analytical QC.

As a key member of Ultragenyx's executive leadership team reporting directly to the CEO, he also contributes to ongoing business development, clinical development, commercial and strategic planning activities. In addition to his position at Ultragenyx, John is currently

COO of Amlogenyx, a subsidiary of Ultragenyx dedicated to the development of novel gene therapies using lysosomal enzymes to treat amyloidosis, like Alzheimer's disease.

John is also an advisory board member for Celestial Therapeutics, Inc., a biopharmaceutical company focused on the development and commercialisation of next-generation novel and ground-breaking mRNA vaccines and therapeutics for the treatment and prevention of a variety of infectious diseases, rare diseases and cancers.

John has previously held operational and senior leadership roles in Genentech (subsequently Roche post Genentech acquisition), as Senior Vice President and Global Head of Quality and Compliance for Pharma Technical Operations) and Baxter International's Renal, Bioscience, Parenterals and Device divisions.

He holds a B.S. in Mechanical Engineering from West Virginia University.



EXECUTIVE LEADERSHIP TEAM

Brian Ward



Chief Executive Officer, Founder and Managing Director

Brian is the founder of AROA and a resident of New Zealand. He has held senior corporate roles in life sciences and health care companies for more than 25 years. He has extensive management experience in life science companies spanning clinical, technical, sales, marketing, corporate development and strategy having worked for a number of multinationals including Baxter, Beecham and SmithKline Beecham throughout the world. He has managed investments into New Zealand technology companies

for the Foundation for Research Science and Technology, served as the founding CEO of NZBio, and has sat on a number of government and industry expert panels.

Brian has been responsible for leading AROA's growth from start-up through to the present.

Brian is a graduate of Massey University with a Bachelor's degree in Veterinary Science, a Member of the Royal College of Veterinary Surgeons (UK), and holds a Masters degree in Business Administration graduating with distinction.

James Agnew



Chief Financial Officer and Joint Company Secretary

James joined AROA's management team in 2013 and has over 20 years' experience in business and finance. He has extensive experience in corporate finance, investment management, M&A, strategic and operational planning, contractual management and negotiation, international taxation and compliance, including US GAAP.

In 2011, James was a finalist in the Young Financial Manager of the year at the Annual CFO Awards.

Prior to this role, he was the VP of Finance & Operations for MXM

Mobile (a division of the Meredith Corporation) based in New York, overseeing all international subsidiaries following the acquisition of The Hyperfactory Ltd (NZ high growth technology company) where he held the role of Group Financial Controller. In his earlier career, James worked in public practice providing accounting and business advisory services to a diverse range of successful New Zealand companies.

James holds a Bachelor of Laws and Bachelor of Commerce from The University of Auckland.

Dr. Barnaby May



Chief Scientific Officer

Dr. Barnaby May joined AROA in 2008 and currently serves as Chief Scientific Officer, where he leads the company's scientific and clinical research initiatives, driving innovation in regenerative medicine and soft tissue repair. Dr. May has played a pivotal role in the development and validation of AROA's proprietary extracellular matrix (ECM) technology.

Since joining AROA in its early stages, Dr. May has been instrumental in advancing the company's product pipeline from concept through to

commercialisation. He currently oversees scientific strategy, clinical affairs, and collaborative research, ensuring alignment between scientific rigor and commercial application.

Dr. May holds a PhD in Medicinal Chemistry, with a research background in drug discovery and design, neurodegenerative and tropical diseases, as well as wound healing and soft tissue regeneration. Prior to AROA, he held academic roles at University of California San Francisco. Dr. May has numerous peer-reviewed publications and patents.

Yasmin Winchester



Chief of Technical Operations

Yasmin joined AROA in 2014 and has held several roles since then. Her role covers a wide scope, overseeing manufacturing operations, quality assurance, regulatory affairs, and health and safety.

Yasmin is also responsible for developing and implementing AROA's sustainability approach to achieve long-term stability and

sustainability of our operations, while continuing to deliver medical devices that are safe and effective for use.

Before joining the AROA team, Yasmin held roles in Quality Assurance at Glaxo Smith Kline and Johnson & Johnson Medical.

Yasmin holds a Bachelor of Science with a major in Biology from The University of Waikato.

Rod Stanley



Chief Operating Officer

Rod joined AROA in 2013 and has over 15 years' experience in medical device design and manufacturing.

Rod is responsible for driving operational excellence and supporting the delivery of commercially focused strategic initiatives.

Prior to joining AROA, Rod worked in development of novel polymer coatings for microfluidic devices at Industrial Research Limited. Rod's professional expertise includes chemical processing of

biomaterials, and implementation of sterilisation processes.

During his time at AROA, Rod's focus has been on process design and transfer into manufacturing, redevelopment and scale-up activities for the Auckland site, as well as overseeing routine production activities.

Rod holds Master of Science and Bachelor of Science degrees in Chemistry from the University of Otago.



SUSTAINABILITY REPORT

At AROA, we understand the importance of contributing to a more sustainable future for everybody.

We are pleased to present AROA's sustainability report for 2025.

Throughout FY25, we have continued embedding sustainable business practices into the Company.

+ Environmental Sustainability

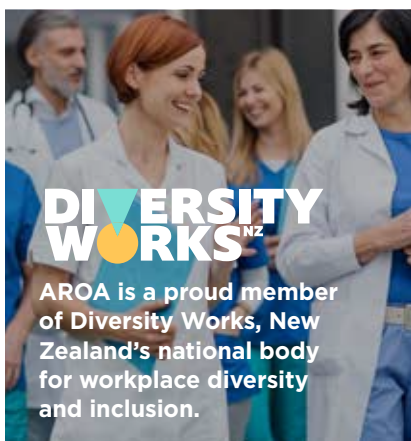
We continue developing our sustainability dashboard, which we intend to use to measure key sustainability metrics, including waste to landfill, water usage,

wastewater, electricity usage, and freight carbon emissions.

We continue to collect and analyse data, which will allow us to benchmark and create

realistic and measurable emission reduction targets, supporting our commitment to environmental sustainability.

+ Diversity, Equity, and Inclusion



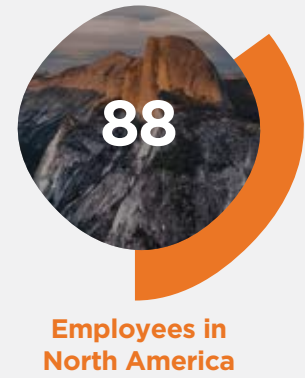
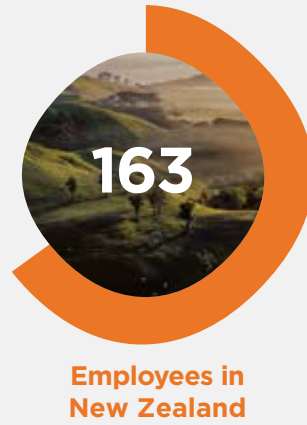
At AROA, we are committed to fostering a diverse and inclusive culture across all levels of the Company and continue to focus on actions that support this.

Gender diversity

AROA is committed to reaching 40:40:20 gender representation (40% women, 40% men and 20% open) by 2033. We continue to work steadily towards our other gender diversity goals:

- A minimum of 30% gender diversity at senior leadership level by the end of FY26

- 20% gender diversity at Board level by the end of FY27
- A minimum of 40% gender diversity at manager and supervisor level by the end of FY27



The table below shows the ratio of women to men among our Board members, senior leadership, supervisors and managers, and all employees as at 31 March 2025 across New Zealand and North America.

	Women	Men	Women %	Men %	No data %
Board	2	5	29%	71%	
Senior leadership	3	9	25%	75%	
Supervisors and managers	20	34	37%	63%	
All employees	130	119	52%	47%	1%

Celebrating diversity

The AROA Women's Network is an employee led committee working to foster diversity and inclusion through regular events and forums.

Employee led celebration events held throughout the year continue to be a popular highlight and are well attended. These events help to foster diversity and inclusion and increase awareness.



+ People and Culture

We remain committed to being a great place to work, and in FY25 we added three new offerings to our existing range of employee benefits.



We continue to review employee benefits and look forward to continuing to add to the existing offering.

Parental Leave Policy

During FY25, we launched parental leave policies in both New Zealand and the US. These policies were designed to provide financial support and flexibility to new parents through this important life stage, enabling them to focus on their families.

Wellbeing allowance

In line with our commitment to health, safety and wellbeing, in FY25 we partnered with Extraordinary—a digital wallet, which provides access to health and wellbeing services.

An allowance is loaded on to digital cards, providing access to services

that support both professional and personal wellbeing. By investing in our team's health, we're building a safer, stronger, and more supportive workplace.

WorkRide

In February 2025, AROA joined the WorkRide scheme. The scheme offers permanent employees the opportunity to obtain a scooter or e-bike for commuting to work, by exchanging part of their pre-tax salary for a benefit of their choice from any participating store, at no upfront cost.

Health and Safety

We continue to focus on health and safety, instilling best

practice and a sense of collective ownership. The focus for FY25 has been on increasing capability, and training sessions on fire safety, first aid and evacuation procedures have been conducted.

During FY25, our traffic management plan was enhanced to support safe pedestrian access between our two Auckland manufacturing sites.

Internship Programme

Since 2022, AROA has run a formal 10-week internship programme each year. To date, 30 students have participated in the programme.



KidzFirst Christmas Party

The Middlemore Foundation and BBM Foundation team up each year to give the families South Auckland children living with long-term health conditions a day of celebration with entertainment, gifts, and fun. AROA is proud to be a foundational supporter of this key community event, contributing a \$10,000 donation as well as team members volunteering at the event.

Fostering Interest in STEM careers

At AROA, we are proud to support organisations fostering interest in science, technology, and Engineering (STEM) careers.

We support two purpose led organisations focused on encouraging interest in STEM careers - The Wonder Project, and Robogals.

Robogals

Robogals is a global, student run organisation that aims to inspire and empower young women to consider studying engineering and related fields by hosting events and workshops. AROA is proud to be a gold sponsor of Robogals.

The Wonder Project

The Wonder Project is Engineering New Zealand's not-for-profit, free school's programme, designed

to inspire young people about STEM, through hands on learning experiences. AROA is proud to be a silver sponsor of The Wonder Project.

Rocket Challenge

The Wonder Project Rocket Challenge involves STEM professionals partnering with local schools, helping students design their very own water rocket.

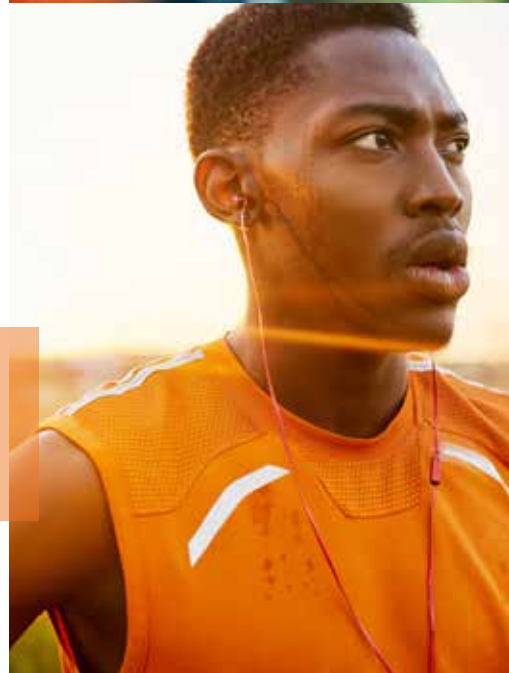
Throughout FY25, AROA team members participated in and ran Rocket Challenges in conjunction with the Wonder Project.



Jessica Chen,
Engineer and Wonder Project Ambassador

“The Wonder Project can spark wonder not just in the children, but re-spark the wonder in us, too.”

Designed for widespread impact, AROA's products are versatile, accessible, and simple to use. Unlocking regenerative healing for *everybody*.







DIRECTORS' REPORT

The Directors present their report on the Group for the financial year ended 31 March 2025.

+ AROA's activities and operations

AROA is in the business of soft tissue regeneration. During the year, the Group's principal activity was the development, manufacture and distribution of products globally to improve the healing of complex wounds, and soft tissue reconstruction.

Commentary on the Group's operations and activities during the year is set out in the Chair's Review and CEO's Report.

+ Financial results for the year

Normalised Profit or Loss

	31/3/2025 \$000	H2 FY2025 \$000	H1 FY2025 \$000	31/3/2024 \$000	Reported YoY%
Product sales	83,977	44,885	39,092	67,966	24%
Other revenue	720	656	64	1,100	(35%)
Total revenue	84,697	45,541	39,156	69,066	23%
Cost of sales	(12,083)	(6,908)	(5,175)	(10,093)	20%
Gross profit	72,614	38,633	33,981	58,973	23%
Product gross margin %	86%	85%	87%	85%	100 bps
Other income	1,083	491	592	1,664	(35%)
Normalised selling and administrative expenses*	(64,889)	(31,727)	(33,162)	(58,968)	10%
Research and development	(9,566)	(4,202)	(5,364)	(9,159)	4%
Total normalised operating expenses	(74,455)	(35,929)	(38,526)	(68,127)	9%
Normalised EBIT	(758)	3,195	(3,953)	(7,490)	(90%)
Add back: depreciation & amortisation	4,943	2,498	2,445	4,395	12%
Normalised EBITDA	4,185	5,693	(1,508)	(3,095)	(235%)
Normalised net finance income*	875	437	438	1,390	(37%)
Normalised loss before income tax	117	3,632	(3,515)	(6,100)	(102%)

*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'.

Product Revenue

Product revenue for the year was \$84.7 million – an increase of 24% on the previous year (21% in constant currency). Myriad performed strongly, resulting in a 38% increase in sales to \$32.3 million (reflecting a 35% increase on a constant currency basis). AROA direct sales accounted for 53% of the product revenue mix. Myriad is expected to continue growing as a proportion of the overall sales mix.

OviTex/OviTex PRS contributed \$39.7 million to total product sales, which is a 22% increase from FY24 (a 19% increase on a constant currency basis). OviTex PRS sales included an initial stocking order for the new large format device launched by TELA Bio in April 2025. Sales of Endoform and Symphony were largely in line with FY24, with product sales of \$11.7 million and \$0.3 million respectively.

Other Revenue

Other revenue for the year was \$0.7 million, which was slightly down from \$1.1 million in FY24. This was due to a decrease in fees received for product development projects undertaken with TELA Bio.

Product Gross Margin %

Full-year product gross margin increased by 1% to 86%, despite inflationary increases to wages and materials. This increase was primarily due to the high-margin Myriad products making up a larger proportion of the overall sales mix, and ongoing manufacturing efficiency improvements.

Other Income

Other income was \$1.1 million (compared to \$1.7 million in FY24). This comprised of tax credits of \$0.9 million under the Research & Development Tax Incentive program (compared to \$1.6 million in FY24), rental and grant income.

Normalised Operating Expenses & EBITDA

Selling and administrative expenses were \$64.9 million, which was a 10% increase from \$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 aggregate commission payments to US sales staff for increased Myriad sales.

Research and development expenses were \$9.6 million, which was a slight increase on \$9.2 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 \$4.2 million in FY25 (compared to a \$3.1 million loss in FY24). The normalised gain before income tax was \$0.1 million (NZ GAAP loss before income tax of \$3.3 million) compared to a loss of \$6.1 million in FY24 (NZ GAAP loss before income tax of \$10.4 million).

Cashflows

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

Cash outflows from investing activities (excluding movements in term deposits) were \$3.7 million (compared to outflows of \$6.9 million in FY24). Purchases of property, plant and equipment decreased from \$3.5 million in FY24 to \$2.3 million in FY25, of which the majority of the FY25 spend (\$1.8 million) was investment into additional manufacturing capacity. Capitalised development costs decreased from \$2.8 million in FY24 to \$1.1 million in FY25.

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

Reconciliation to NZ GAAP profit or loss

	Reported 2025 \$000	Reported 2024 \$000
Normalised loss before income tax	117	(6,100)
Share based payment expenses	(2,160)	(3,181)
Unrealised foreign currency (losses) / gains	(1,207)	(1,146)
Loss before income tax (NZ GAAP)	(3,250)	(10,427)

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 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.

+ Dividends

No dividends were paid, declared or recommended during the financial year.

+ Corporate Governance Statement

AROA recognises the importance of good corporate governance and is committed to ensuring that the business maintains a high standard of corporate governance and ethical standards. The Board reviews the Company's policies and governance practices against the Principles of Good Corporate Governance established by the ASX Corporate Governance Council annually. Please refer to AROA's Corporate Governance Statement (available at <https://aroa.com/investors/>) for more information about how the Company's policies and practices align with these principles.

+ Indemnification and insurance of directors and officers

The Company indemnifies each director for any liability and costs that the Companies Act 1993 permits directors to be indemnified for. Specific liabilities are excluded (such as criminal liability). The Company has arranged insurance cover for the indemnified liability and costs. The directors' indemnities and insurance are authorised under the Company's constitution.

+ Director updates

John Pinion and Philip McCaw were re-elected as non-executive directors, and Darla Hutton was elected as a non-executive director, at the Company's annual general meeting on 23 July 2024.

In accordance with the Board's rotation policy, James McLean is offering himself up for re-election at the Company's upcoming annual general meeting on 20 August 2025.

+ Board and Committee meetings

The table below shows attendances by each director at Board and Committee meetings during the financial year.

Name	Board of Directors		Audit Committee		Risk Committee		Remuneration Committee*	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
James McLean	7	7	3	3	-	-	-	-
Brian Ward	7	7	-	3	-	1	-	3
Philip McCaw	7	6	-	-	-	-	3	3
John Pinion	7	7	3	3	2	2	-	-
John Diddams	7	7	3	3	-	-	3	3
Dr. Catherine Mohr	7	7	-	-	2	2	3	3
Darla Hutton	7	5	-	-	2	2	-	-

+ Environmental and social risks

ARO's manufacturing activities involve the controlled storage, use and disposal of hazardous materials. The Company has policies and procedures designed to facilitate compliance with applicable environmental regulations and to mitigate the risks associated with the Company's handling of such materials.

+ Non-audit services

ARO's auditor is BDO Auckland. The Group's statutory audit fee for the financial year ended 31 March 2025 was \$167,000 (2024:\$163,000).

During the year ended 31 March 2025, BDO Auckland, or entities associated to it, provided the following non-audit services to the Group:

Description of services	Fees (\$)
Review of interim consolidated financial statements	\$68,000

The Board is satisfied that the services noted above do not impair BDO's independence as auditor on the basis that such services were not in conflict with BDO's audit procedures and adequate safeguards were put into place to mitigate any independence risks.

*The Remuneration & Nomination Committee became the Remuneration Committee during the period. The members remained the same.



REMUNERATION REPORT

This Remuneration Report, which forms part of the Directors' Report, outlines our approach to remuneration for the financial year ended 31 March 2025.

+ Overview

AROA's remuneration policies and practices are ultimately designed to deliver shareholder value by facilitating and encouraging a high level of performance, with our long-term success in mind.

The Remuneration Committee* supports the Board in formulating and overseeing these policies, with input from external specialists as appropriate to ensure impartial guidance and expertise. Remuneration is integral to building a high-growth profitable business, and this is reflected in AROA's approach. Our remuneration framework is structured to be competitive within the industry, encourage a high level of performance, and align our people's interests with those of our shareholders. This reinforces AROA's commitment to excellence and achievement, and instils a sense of ownership amongst our people, fostering a culture of decision-making focused on generating shareholder returns.

Our remuneration programme for FY25 comprised of:

- A fixed wage or salary, and legislative superannuation. This is set at a level to attract and retain high-calibre employees and is reviewed annually taking into account individual, Company and market conditions.
- A discretionary short-term incentive (STI), providing the potential for an annual cash bonus based on pre-determined Company and individual performance targets. Our STI plans are in place for those at a senior management level and above, along with critical specialist roles.
- A discretionary long-term incentive (LTI). In FY25, we extended the range of equity awards available to our staff under our new Omnibus Incentive Plan. We describe the forms of equity and the plan in more detail below.

*Previously the Remuneration & Nomination Committee.



In accordance with best practice, the structure of our non-executive director remuneration is separate and distinct from that of our CEO, and employees.

The Remuneration Committee is focused on ensuring that our compensation policies keep pace with the evolving recruitment environment, market conditions and our growing size and maturity. The committee undertakes remuneration benchmarking exercises both formally, through remuneration specialists, and informally through partnerships with recruitment agencies and industry surveys.

Refining our approach to LTIs

In previous years, we operated two LTI plans (the NZ Option Plan and the US Option Plan), both of which applied to staff and provided LTI remuneration in the form of share options only.

In FY25, the Company established a new Omnibus Incentive Plan. The plan allows for the granting of

a wide range of equity, including performance share rights (PSRs), restricted stock units (RSUs), and share options. We describe how the different types of equity operate below.

The new plan gives the Company the ability to tailor LTIs to different types and tiers of staff, which will be more effective for staff retention.

Share options: One share option entitles the holder to subscribe for one fully paid ordinary share in the Company at a specific exercise price (provided that the service and performance-based conditions are met). Share options are not quoted. The share options on issue expire over the next four years.

For details of share options on issue, refer to page 85 of this report.

PSRs and RSUs: PSRs and RSUs are similar in the sense that when one PSR or RSU vests, they entitle the holder to one ordinary share at no cost. Also, both are issued for nil consideration and are not quoted. The key difference between them

is that RSUs are service-based (each RSU vests on the employee completing a pre-defined period of employment) whereas PSRs are service and performance based (the employee must complete a pre-defined period of employment in order for any PSRs to vest, but the number of PSRs that will vest depends on the satisfaction of performance targets within the period). The PSRs and RSUs on issue have vesting dates over the next two years.

For details of PSRs and RSUs on issue, refer to page 86 of this report.

Under the current LTI framework approved by the Board, employees are entitled to various packages of equity depending on their seniority and the nature of their role. Please see the 'Overview of Executive Leadership remuneration' section below for more details about the Executive Leadership Team's entitlements, and the performance requirements that apply to the PSRs that the team has been granted.

+ Employee remuneration

This table shows the remuneration totalling \$100,000 or more received by our employees or former employees during the financial year ended 31 March 2025. The table includes salary, wages and discretionary annual variable remuneration paid during the year. The table does not include information for our CEO, who is also a director of the Company.

Offshore remuneration amounts (including commission paid to US sales representatives for delivering increased Myriad sales) have been converted into New Zealand dollars.

For completeness, an interest-free term loan was previously extended to staff who had an interest in shares issued under a legacy employee incentive share plan. The facility is due to expire on 28 February 2026. As at 31 March 2025, the loan balance was \$115,000 and interest was charged at 6% p.a.

Remuneration range (\$)		Number of employees
100,000	to 110,000	16
110,001	to 120,000	8
120,001	to 130,000	14
130,001	to 140,000	8
140,001	to 150,000	8
150,001	to 160,000	7
160,001	to 170,000	5
170,001	to 180,000	3
180,001	to 190,000	6
190,001	to 200,000	3
200,001	to 210,000	3
210,001	to 220,000	2
220,001	to 230,000	4
230,001	to 240,000	2
240,001	to 250,000	3
250,001	to 260,000	1
260,001	to 270,000	7
270,001	to 280,000	1
280,001	to 290,000	4
290,001	to 300,000	4
300,001	to 310,000	1
310,001	to 320,000	2
320,001	to 330,000	4
330,001	to 340,000	2
340,001	to 350,000	3
350,001	to 360,000	2
360,001	to 370,000	1
370,001	to 380,000	2
380,001	to 390,000	3
390,001	to 400,000	2
400,001	to 410,000	1
410,001	to 420,000	1
420,001	to 430,000	1
430,001	to 440,000	1
440,001	to 450,000	2
490,001	to 500,000	1
500,001	to 510,000	1
520,001	to 530,000	1
580,001	to 590,000	1
590,001	to 600,000	1
610,001	to 620,000	1
630,001	to 640,000	3
650,001	to 660,000	1
660,001	to 670,000	2
680,001	to 690,000	1
710,001	to 720,000	1
760,001	to 770,000	1
800,001	to 810,000	1
900,001	to 910,000	1

+ Overview of Executive Leadership Team remuneration

Please refer to the table below for an overview of the remuneration components provided to our Executive Leadership Team in FY25.

Component	Description	Link to strategy & performance
Fixed remuneration	<ul style="list-style-type: none"> • Base salary • Legislative superannuation 	Base salary reviews take into account individual factors such as performance and behaviours, Company performance, market benchmarks, and the scope of the role.
STI	<ul style="list-style-type: none"> • At-risk component paid in cash. • Calculated to reflect the extent that: <ul style="list-style-type: none"> • the Company met its performance objectives; and • the individual met their performance targets (which are aligned to the Company's performance objectives) • Company performance objectives comprise financial targets, and non-financial targets including sales, development, clinical and people metrics • Company performance objectives are set at the beginning of each financial year and are approved by the Board • Performance against objectives is reviewed by the Remuneration Committee, and determined by the Board at the end of each financial year 	Rewards delivery of key strategic and financial objectives in line with AROA's annual business plan.
LTI	<ul style="list-style-type: none"> • At-risk component awarded in PSRs. • Designed to align the interests of Executive Leadership Team members with shareholder interests over the longer term • Unless the Board determines otherwise, vesting is subject to completing a pre-determined period of employment. This provides a longer-term employee benefit • PSRs are service and performance based. The performance conditions for PSRs are detailed on the next page. 	Rewards delivery against longer term strategy and provides alignment between shareholder and executive leadership outcomes.

Performance conditions for PSRs

This table shows the performance conditions that apply to the PSRs granted to the Executive Leadership Team. The vesting date for these PSRs is in March 2027.

Criteria*	Weighting	Targets	Vesting scale
Relative TSR**	33%	75th percentile	100%
		50th percentile	50%
		<50th percentile	0%
3-year Revenue CAGR***	33%	30% (i.e. FY27 constant currency revenue of \$157m)	100%
		25% (i.e. FY27 constant currency revenue of \$134m)	67%
		20% (i.e. FY27 constant currency revenue of \$120m)	33%
		<20% (i.e. FY27 constant currency revenue < \$120m)	0%
3-year EBITDA%****	33%	20%	100%
		17%	67%
		14%	33%
		<14%	0%

*The Board reserves the right to adjust performance conditions or vesting outcomes to ensure that the equity award recipient is neither penalised nor provided with a windfall benefit arising from matters outside their control.

**TSR Ranking: how the Company ranks against a comparator group comprised of the top 50 (by market capitalization) ASX-listed healthcare companies for total shareholder return.

***3-year revenue CAGR assumes a constant currency of US\$0.61, which was the average exchange rate during FY24.

****EBITDA reflects the accounting EBITDA (on a non-adjusted basis).

Performance conditions for share options

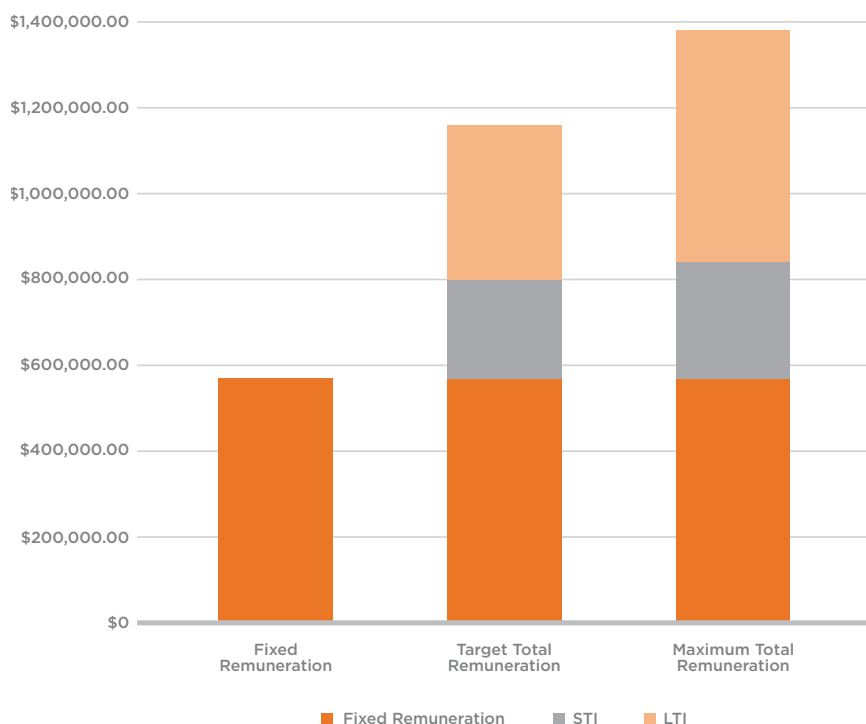
This table shows the performance conditions that apply to the share options on issue to the Executive Leadership Team. These options are due to vest in March 2026.

Considering performance against these metrics, all share options scheduled for vesting on 31 March 2025 will be forfeited. This includes the 1,224,260 share options held by the Executive Leadership Team.

Performance Conditions*		Total % of options eligible to vest
Entry	50+ percentile TSR Ranking	25%
Target	75+ percentile TSR Ranking	50%
Stretch	75+ percentile TSR Ranking plus threshold 20-day VWAP as at the applicable vesting date. These are as follows: <ul style="list-style-type: none"> 31 March 2025 vesting, A\$1.85 (162% growth on 31 March 2022 20-day VWAP) 31 March 2026 vesting, A\$2.25 (219% growth on 31 March 2022 20-day VWAP) 	100%

*The Board reserves the right to adjust performance conditions or vesting outcomes to ensure that the equity award recipient is neither penalised nor provided with a windfall benefit arising from matters outside their control.

+ Overview of CEO remuneration



Brian Ward's remuneration structure is consistent with the Executive Leadership Team remuneration structure outlined on page 35. His remuneration target and maximum total remuneration mix for the 2025 financial year is set out below.

In accordance with the requirements of ASX Listing Rule 10.14, Brian was issued with 961,255 PSRs (which have a vesting date of 1 August 2027) following shareholder approval received at our 2024 annual general meeting.

Please refer to the remainder of this report for further details. Brian does not receive additional remuneration in his capacity as a director of the Company or any other Group company.

+ Overview of non-executive director remuneration

Our non-executive directors receive cash fees, and until FY24, were also granted equity in the form of share options. Please refer to the remainder of this report for further details. To maintain objectivity in decision-making, we do not offer our non-executive directors' performance-based compensation.

As approved by shareholders, the maximum aggregate annual cash-based remuneration payable to all our non-executive directors for their services as a director is \$750,000. Individual director fees are based on the time commitment and responsibilities of their role, with our Board and Committee Chairs receiving a higher fee commensurate to their additional workload. Each non-executive director is entitled to be reimbursed for all reasonable travel, accommodation and other expenses they incur for attending AROA meetings or on other company business. We do not provide our non-executive directors with superannuation arrangements or retirement allowances.

The Board sees value in promoting share ownership among our non-executive directors as it appropriately aligns their interests with those of our shareholders.

+ Director remuneration details

Aggregated

Our directors' remuneration for the year ended 31 March 2025 is set out below.

	Short term benefits		Post-employment benefits	LTI			Total
	Cash salaries and fees*	STI	Superannuation	Options**	PSRs	Shares	
James McLean	\$135,000	-	-	\$38,875	-	-	\$173,875
Philip McCaw	\$80,786	-	-	\$25,917	-	-	\$106,703
John Pinion	\$139,793	-	-	\$25,917	-	-	\$165,710
John Diddams	\$109,835	-	-	\$25,917	-	-	\$135,752
Dr. Catherine Mohr	\$139,793	-	-	\$34,064	-	-	\$173,857
Darla Hutton	\$114,592	-	-	-	-	\$60,000*****	\$174,592
Brian Ward	\$569,346	***\$79,490	\$18,869	\$238,714****	\$71,694	-	\$978,113
TOTAL	\$1,289,145	\$79,490	\$18,869	\$389,404	\$71,694	\$60,000	\$1,908,602

* Fees for directors who are not based in NZ are fixed in their local currency, and converted into New Zealand dollars here for disclosure purposes.

** These amounts reflect the non-cash accounting cost of all share options held by the relevant director during the financial year. It includes the cost of share options vesting during the financial year and the cost of PSRs granted during the financial year as approved by shareholders. No cash payments are made in relation to these. The amounts are calculated based on NZ IFRS 2 - Share-based Payment.

*** Brian Ward achieved 35% against target for AROA's FY25 performance. He had received discretionary annual variable remuneration of \$59,618 for AROA's performance in the previous financial year (representing 26% achievement against targets).

**** 591,768 performance-based share options granted to Brian Ward in FY23 did not reach their 31 March 2025 vesting conditions, so have been forfeited. These share options, with a share-based expense of \$117,525 in FY25, are therefore not included in this table. Share based remuneration of \$238,714 in FY25 includes an amount of \$145,443 attributable to performance-based share options and performance share rights due to vest on 31 March 2026 and 2027.

***** Darla Hutton was issued 140,110 ordinary shares on 22 August 2024. All shares were placed in escrow. Half of the shares were released on 31 March 2025; the balance will be released on 31 March 2026.

Note: the table above does not include reimbursement of reasonable travel, accommodation and other expenses incurred by directors for attending AROA meetings or on other company business.

Share-based compensation

No share options were granted to directors in FY25.

Please see the table below for details of the PSRs issued to our directors during the 2025 financial year. In accordance with the requirements of ASX Listing Rule 10.14, the PSRs were issued following shareholder approval at our 2024 annual general meeting.

	Effective grant date	Number granted	Performance hurdle (Y/N)	Exercise price per option (A\$)	Vesting date
Brian Ward	22 August 2024	961,255	Y	\$nil	30 June 2027

+ Equity instrument disclosures

Options holdings

Please see below for an overview of the share options held by each director (or their nominee) during FY25. Further details regarding options that vested or were forfeited during the year are contained in other sections of this report.

	Balance as at 1 April 2024	Granted as compensation	Exercised	Forfeited	Balance at the end of FY25	Vested and exercisable	Unvested
James McLean	311,329	-	-	-	311,329	227,999	83,330
Philip McCaw	254,545	-	-	-	254,545	198,991	55,554
John Pinion	1,051,620	-	-	-	1,051,620	996,066	55,554
John Diddams	193,072	-	-	-	193,072	137,518	55,554
Dr Catherine Mohr	210,686	-	-	-	210,686	148,570	62,116
Brian Ward	5,708,008	-	-	(625,842)	5,082,166	2,738,045	3,305,376
Darla Hutton*	-	-	-	-	-	-	-
TOTAL	8,034,730	-	-	(625,842)	7,103,418	4,447,189	2,656,229

* Darla Hutton joined the Board from 22 March 2024 and therefore does not hold any share options.

FY25 option forfeitures

591,768 share options issued to Brian Ward in FY23 did not meet their 31 March 2025 vesting conditions, so have been forfeited (these options made up a portion of the 1,224,260 forfeited share options referred to earlier in this section).

FY25 option vestings

The following shows the share options that were previously granted to the directors (or their nominees) that vested in FY25.

Director	Financial year in which granted	Number of options vested	Exercise price (A\$)	Option expiry
James McLean	FY23	86,056	1.083	29 Feb 2028
Philip McCaw	FY23	57,371	1.083	29 Feb 2028
John Pinion	FY23	57,371	1.083	29 Feb 2028
John Diddams	FY23	57,371	1.083	29 Feb 2028
Dr Catherine Mohr	FY24	64,311	0.87	13 Nov 2027
Brian Ward	FY23	319,671	1.165	13 Nov 2027
Darla Hutton	-	-	-	-

Shareholdings

The number of ordinary shares in the Company held by each director or their related parties during the 2025 financial year is set out below.

	Balance as at 1 April 2024	Received during the year on exercise of options	Purchases or, as specified, other additions	Balance at the end of the year
James McLean*	2,827,108	-	-	2,827,108
Philip McCaw**	20,077,154	-	-	20,077,154
John Pinion	472,500	-	-	472,500
John Diddams***	1,192,550	-	-	1,192,550
Dr Catherine Mohr	-	-	436,364****	436,364
Darla Hutton	-	-	140,110	140,110
Brian Ward****	33,125,800	-	-	33,125,800

*As a director of Mesynthes Nominee Limited, as at 31 March 2025 James McLean also had an interest in 1,383,075 shares held by Mesynthes Nominee Limited on bare trust for certain AROA employees until payment is received for such shares.

**Philip McCaw holds his interest through McSyth Capital Investment Trust, of which he is one of three trustees and a beneficiary, and the Horizon Two Adventures Trust. Mr McCaw also has an interest in shares held by the McSyth Charitable Foundation Trust, a registered charity of which he is one of two trustees. As a director of Mesynthes Nominee Limited, as at 31 March 2025 Mr McCaw also had an interest in 1,383,075 shares held by Mesynthes Nominee Limited on bare trust for certain AROA employees until payment is received for such shares.

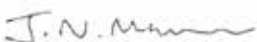
***This includes interests in shares held by John Diddams' related parties; Whitfield Investments Pty Ltd and Galdarn Pty Ltd.

****Brian Ward holds his interest through Arawai No. 2 Trust, of which he is one of three trustees and a beneficiary.

*****Dr Catherine Mohr holds her interest through the Mohr Family Trust, of which Ms Mohr is a beneficiary.

+ End of Remuneration Report

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board.



James McLean

Independent Chair of the Board of Directors





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.

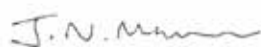
The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the Group as at 31 March 2025 and the results of their operations and cash flows for the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



James McLean - Chairman



Brian Ward - CEO

AROA delivers unmatched value by reducing hospital costs and driving meaningful operational improvements.









INDEPENDENT AUDITOR'S REPORT

**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

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.

How The Matter Was Addressed in Our Audit

- 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
Auckland
New Zealand
29 May 2025







CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Note	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 (loss) / income		(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)

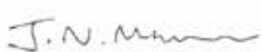
The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

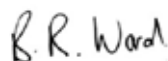
As at 31 March 2025

	Note	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



James 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

	Note	Share Capital \$000	Accumulated Losses \$000	Foreign Currency Translation Reserve \$000	Fair Value Through Other Comprehensive 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	24(a)	(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	7(a)	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)

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.

2. Summary of material accounting policies (continued)

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

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.

	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.

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

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

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).

6. Income taxes (continued)

	2025 \$000	2024 \$000
Deferred tax assets/(liabilities) recognised:		
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	-	-

	2025 \$000	2024 \$000
Deferred tax assets unrecognised (tax effected)		
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 \$000	2024 \$000
Bank balances – cash at bank	7,991	11,522
Total cash and cash equivalents	7,991	11,522

b. Term deposits

	2025 \$000	2024 \$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.

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.

(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	Fixtures & fittings	3 - 10 years
Plant & equipment	10 - 20 years	Computer equipment	3 - 5 years

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

(iii) Capital commitment

Please refer to note 24e for capital commitments.

	Leasehold Improvements \$000	Capital Work In Progress \$000	Plant and Equipment \$000	Fixture & Fitting \$000	Computer Equipment \$000	Total \$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 \$000	Capital Work In Progress \$000	Plant and Equipment \$000	Fixture & Fitting \$000	Computer Equipment \$000	Total \$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

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	Reacquired rights	18 years
Customer relationships	9 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.

12. Intangible assets (continued)

	Patents & trademarks \$000	Customer relationships \$000	Reacquired rights \$000	Goodwill \$000	Capitalised development costs \$000	Total \$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

	Patents & trademarks \$000	Customer relationships \$000	Reacquired rights \$000	Goodwill \$000	Capitalised development costs \$000	Total \$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.

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

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 at 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

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

18. Share based payments reserve (continued)

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 rights
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	-	-

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

(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

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.

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 contractual cash flows \$000	Total carrying amounts \$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
Derivative financial liabilities							
Derivative liabilities		510	912	716	-	2,138	2,138
Total		510	912	716	-	2,138	2,138

21. Financial risk management (continued)

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 contractual 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 contractual 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.

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
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

22. Financial instruments by category (continued)

(i) Financial instruments measured at fair value

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

	Note	2025 \$000	2024 \$000
Financial assets			
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.

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).



ADDITIONAL INFORMATION

NZ Company No. 1980577

ARBN 638 867 473

+ Aroa Biosurgery Limited

Aroa Biosurgery Limited is a New Zealand incorporated company and is registered with ASIC as a foreign company. Accordingly, the Company is principally governed by New Zealand law, rather than Australian law. This means that the Company's general corporate activities (apart from any offering of securities in Australia and certain reporting and disclosure obligations) are not regulated by ASIC under the Corporations Act (AU). Instead, they are regulated in New Zealand by New Zealand law including the Companies Act, Financial Markets Conduct Act 2013, Financial Markets Conduct Regulations 2014 and by the New Zealand Financial Markets Authority and the Registrar of Companies.

+ Stock exchange information and on-market buy-backs

The Company's shares were officially quoted on the ASX on 24 July 2020 (ASX Code: ARX). During the year ended 31 March 2025, the Company did not seek, or rely upon, any waivers from the ASX Listing Rules. As at 16 June 2025, there is no current on-market buy-back of the Company's shares and the Company did not undertake an on-market buy-back of its shares during the year ended 31 March 2025. The Company has no restricted securities for the purpose of the ASX Listing Rules.

+ Ordinary shares

On 31 March 2025 and as at the date of this Annual Report, the Company only has one class of shares on issue, being ordinary shares in the Company, each conferring to the registered holder the rights set out in the Company's constitution, including the right to vote on any resolution at a meeting of shareholders. Holders of ordinary shares may vote at a meeting, in person or by proxy, representative or attorney.

The total number of ordinary shares in the Company on issue as at 31 March 2025 was 344,900,256 shares.

The total number and distribution of shareholdings as at 16 June 2025 is as shown in the table below:

Size of Shareholding	Number of holders	%	Number of Ordinary shares	%
1 to 1000	839	22.45%	545,076	0.16%
1,001 to 5,000	1,272	34.04%	3,514,626	1.02%
5,001 to 10,000	561	15.01%	4,516,821	1.31%
10,001 to 100,000	909	24.33%	28,290,492	8.20%
100,001 and over	156	4.17%	308,033,241	89.31%
Totals	3,737	100.00%	344,900,256	100.00%

Based on the closing market price of AROA's ordinary shares on 16 June 2025, there were 645 shareholders holding less than marketable parcels, representing 351,076 shares.

The Company has not carried out any issues of securities approved for the purposes of Item 7 of section 611 of the Corporations Act.

+ Share options

The total number and distribution of share options as at 16 June 2025 is as shown in the table below:

Size of holding	number of holders	%	number of share options	%
1 to 1000	-	0.0%	-	-
1,001 to 5,000	-	0.0%	-	-
5,001 to 10,000	-	0.0%	-	-
10,001 to 100,000	37	48.05%	1,859,389	9.43%
100,001 and over	40	51.95%	17,849,605	90.57%
Totals	77	100.00%	19,708,994	100.00%

Share options do not carry voting rights.

Please refer to the Remuneration Report and note 18 to the consolidated financial statements for further details of share options outstanding.

+ Shares issued on exercise of options

The table below shows the ordinary shares issued during FY25 upon exercise of share options granted under the US Option Plan.

Under the option plan rules, at the Board's discretion, options may be exercised by cashless settlement. This involves issuing a reduced number of shares to the participant generally equivalent to: (a) an amount equal to the difference between the current value of the Company's shares (being the VWAP for the five trading days immediately preceding the option exercise date) and the exercise price of the shares, multiplied by the number of options being exercised, and divided by (b) the current value of the Company's shares.

Date options exercised	Number of options exercised	Average exercise price	Number of shares issued
13/08/2024	552,312	AUD0.0982	552,312

+ Performance shares rights

The total number and distribution of performance share rights (PSRs) as at 16 June 2025 is as shown in the table below:

Size of holding	number of holders	%	number of PSRs	%
1 to 1000	-	0.0%	-	-
1,001 to 5,000	-	0.0%	-	-
5,001 to 10,000	-	0.0%	-	-
10,001 to 100,000	9	40.9%	609,246	15.89%
100,001 and over	13	59.1%	3,224,493	84.11%
Totals	22	100.0%	3,833,739	100.00%

PSRs do not carry voting rights.

Please refer to the Remuneration Report for further details about PSRs.

+ Restricted stock units

The total number and distribution of restricted stocks units (RSUs) as at 16 June 2025 is as shown in the table below:

Size of holding	number of holders	%	number of RSUs	%
1 to 1000	-	0.0%	-	0.00%
1,001 to 5,000	-	0.0%	-	0.00%
5,001 to 10,000	-	0.0%	-	0.00%
10,001 to 100,000	17	94.4%	806,228	84.11%
100,001 and over	1	5.6%	152,313	15.89%
Totals	18	100.0%	958,541	100.00%

RSUs do not carry voting rights.

Please refer to the Remuneration Report for further details about RSUs.

+ Twenty largest shareholders

The names and holdings of the 20 largest registered shareholders in the Company as at 16 June 2025 was as follows:

Shareholder name	Shareholding	Holding as a % of total ordinary shares on issue as at the date above
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	54,177,509	15.708%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	40,003,479	11.599%
BRIAN WARD, TRACEY WARD & THOMAS WARD <ARAWAI NO2 A/C>*	33,125,800	9.604%
PHIL MCCAW <MCSYTH CAPITAL INVEST A/C>*	19,597,251	5.682%
CITICORP NOMINEES PTY LIMITED	13,535,396	3.924%
RICHARD ABBOTT <JESTER 002 INVESTMENT A/C>	13,043,020	3.782%
BNP PARIBAS NOMS (NZ) LTD	12,626,147	3.661%
MIRRABOOKA INVESTMENTS LIMITED	11,426,177	3.313%
ASPIRE NZ SEED FUND LTD	10,421,614	3.022%
K ONE W ONE (NO 3) LTD	5,882,550	1.706%
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	5,766,819	1.672%
BNP PARIBAS NOMS PTY LTD	5,199,275	1.507%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,567,671	1.324%
SHARON BRYANT <OT INVESTMENT A/C>	4,372,267	1.268%
JOHN ANTHONY DELL	4,348,864	1.261%
BARNABY MAY**	3,272,775	0.949%
CHRISTOPHER DAVID ASTLEY MILNE	3,248,022	0.942%
K ONE W ONE LTD	3,041,226	0.882%
SHARESIES AUSTRALIA NOMINEE PTY LIMITED	2,890,667	0.838%
JAMES MCLEAN***	2,827,108	0.820%
Total Top 20 Holders	253,373,637	73.463%
Total Shares	344,900,256	

*Refer to Substantial Shareholders section below for other equity securities held by Brian Ward and Philip McCaw.

** Barnaby May also holds 158,128 unlisted options expiring on 30 June 2025 at a nil exercise price, 691,350 unlisted options expiring on 23 July 2025 at an exercise price of AU\$0.75, 127,280 unlisted options expiring on 30 June 2026 at a nil exercise price and 256,576 unlisted options expiring on 3 August 2028 at an exercise price of AU\$0.91. In addition, Mr May holds 253,853 PSRs with a vesting date of 30 June 2027.

***James McLean also holds 52,400 unlisted options expiring on 23 July 2025 at an exercise price of AU\$0.75 and 258,929 unlisted options expiring on 29 February 2028 at an exercise price of AU\$1.083.

+ Takeovers and substantial holdings

While the ASX Listing Rules apply to the Company, certain provisions of the Corporations Act do not. The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act, which deals with the acquisition of its shares (including takeovers and substantial holdings). The New Zealand position under the Takeovers Code (as set out in the Takeovers Regulations 2000) and the Financial Markets Conduct Act 2013 is broadly comparable to the Australian position in relation to the regulation of takeovers. The New Zealand takeovers regime, not the Australian takeovers regime, will apply to the Company as a foreign company. A 20% threshold applies (under which a person (together with their associates) is prevented from increasing the percentage of voting rights held or controlled by them in excess of that 20% threshold or from increasing an existing holding of more than 20% of the voting rights), subject to certain exceptions including, but not limited to, full and partial takeover offers, 5% creep over 12 months in the 50% to 90% range, and acquisitions with shareholder approval. Compulsory acquisitions are permitted by persons who hold or control 90% or more voting rights in a code company.

Under New Zealand law, there is no requirement for a shareholder of the Company to issue a substantial holding notice of holdings above 5%, and because the Company is a New Zealand company the Corporations Act provisions regarding substantial shareholder notices do not apply to the Company. However, a shareholder may voluntarily disclose such information if it chooses to do so and a number of New Zealand companies listed on ASX experience shareholders lodging notices similar to a substantial shareholder notice that is required under the Corporations Act notwithstanding there is no requirement to do so. Separately, the Company has undertaken to ASX that it will inform the market immediately on becoming aware of a person becoming a Substantial Holder, a movement of at least 1% of shares in which the Substantial Holder has a relevant interest and a person ceasing to be a Substantial Holder.

+ Limitations on the acquisition of AROA shares

In general, under applicable law shares in the Company are freely transferrable and the only significant restrictions or limitations in relation to the acquisition of AROA shares are those imposed by the New Zealand takeovers regime (discussed above) and if applicable, the Overseas Investment Act 2005 (NZ) and the Commerce Act 1986 (NZ).

AROA's constitution also permits the directors to (in their absolute discretion) refuse or delay the registration of any transfer of AROA shares if permitted to do so by the Companies Act or the ASX Listing Rules. This includes (without limitation) where the relevant shares are subject to a holding lock pursuant to the ASX Settlement Operating Rules or escrow.

+ Substantial shareholders

Set out below is, to the best of the Company's knowledge, details relating to all Substantial Holders in the Company as at 16 June 2025.

Shareholder name	Shareholding*	Holding as % of total ordinary shares (according to relevant SSH notice)
BRIAN WARD, TRACEY WARD & THOMAS WARD <ARAWAI NO2 A/C>**	33,125,800	9.91
FIRSTCAPE GROUP LIMITED	30,421,199	8.82
ACORN CAPITAL LIMITED	22,491,106	6.52
PHIL MCCAW <MCSYTH CHARITABLE & MCSYTH CAPITAL INVEST A/C>***	20,077,154	5.82
STATE STREET AUSTRALIA LTD ACF AUSTRALIAN ETHICAL INVESTMENT LIMITED	17,288,432	5.01

*of the Substantial Holder and their "associates" (within the meaning given to that term in section 12 of the Corporations Act).

** Brian Ward also holds 3,132,525 unlisted options expiring 23 July 2025 at an exercise price of AU\$0.75; 591,768 unlisted options expiring 13 November 2027 at a nil exercise price; 649,695 unlisted options expiring 13 November 2027 at an exercise price of AU\$1.165; 453,206 unlisted options expiring 29 February 2028 at a nil exercise price; 254,972 unlisted options expiring 29 February 2028 at an exercise price of AU\$1.165, and 961,255 PSRs which have a vesting date of on 1 August 2027.

*** The shareholding referenced above reflects holdings by the McSyth Capital Investment Trust as well as the Horizon Two Adventures Trust and McSyth Charitable Foundation Trust, the latter being a registered charity of which Phil is one of two trustees. He also has an interest in 81,925 unlisted options (held by the McSyth Capital Investment Trust) expiring 23 July 2025 at an exercise price of AU\$0.75, and holds 172,620 unlisted options expiring 29 February 2028 at an exercise price of AU\$1.083.

+ Securities subject to voluntary escrow

As at 16 June 2025, 70,055 ordinary shares issued to Darla Hutton were subject to voluntary escrow. The escrow period for those shares will end on 31 March 2026.

+ General disclosures of interests by Directors

AROA maintains an interests register in accordance with the Companies Act. The following are general disclosures of interests (pursuant to section 140(2) of the Companies Act) that were noted in the Company's interests register as at 1 April 2024 and remained current as at 31 March 2025.

Name	Interest
James McLean	Director, Mesynthes Nominees Limited
	Chairman, Prevar Limited
Brian Ward	Director, Green Edge Limited
Philip McCaw	Director, Mesynthes Nominee Limited
	CEO and Chairperson, Author-IT Limited
	Director, Kaynemaile Ltd
	Director, Shift72 Limited
	Director, Movac Limited
	Director, Movac Fund 4 Custodial Limited
	Director, Movac Fund 5 Custodial Limited
	Director, Movac Fund 5 General Partner Limited
	Director, Movac Fund 4 General Partner Limited
	Director, CAVOM Nominee No 1 Limited
	Director, Calcium Investments Limited
	Director, Calcium Investment Trustee Limited
	Director, PJM Management Limited
	Director, Author IT Software Corporation Limited
John Pinion	Advisory Board Member, Celestial Therapeutics, Inc
	Chief Operating Officer, Amlogenyx Inc
John Diddams	Non-Executive Chairman, xReality Group Limited (ASX: XRG)
	Director, Surf Lakes Global Inc
	Director, DIT AgTech Limited
Dr. Catherine Mohr	Director, Carta Healthcare
	Director, Avisi Therapeutics
	Director, FINCA International
	Director, Spark Acquisition

The following updates to the general disclosures of interests were made during the financial year ended 31 March 2025:

Name	Interest	Nature of update to the Company's interests register
James McLean	Chairman, R J Hill Laboratories Limited	Removed. Mr McLean ceased being a director of RJ Hill Laboratories Limited on 30 June 2024

Details of share dealings by the directors during the 12-month period ended 31 March 2025 are set out in the Remuneration Report.

+ Use of company information

AROA did not receive notice from any director requesting to use company information received in their capacity as a director of any Group company, which would not otherwise have been available to them.

+ Donations

Donations during the year ended 31 March 2025 totalled \$10,000.

+ Subsidiary company information

All subsidiary companies in the Group are wholly owned by AROA.

The people listed below held office as a director of Company subsidiaries during the year to 31 March 2025. They continue to hold those positions. They do not receive any remuneration or other benefits for their role as a director of a Company subsidiary.

Company	Directors
Aroa Biosurgery Incorporated (Delaware File number 6560549)	Brian Ward, John Pinion
Mesynthes Nominee Limited (NZBN 9429 041 350 003)	James McLean, Philip McCaw

Other than as disclosed in the Company's interests register, no entries were made in the interests register of any Company subsidiary during the year ended 31 March 2025.





GLOSSARY AND OTHER INFORMATION

+ Glossary

Term	Description
AROA or the Company	Aroa Biosurgery Limited NZCN 1980577, ARBN 638 867 473
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CC or Constant Currency	Constant currency removes the impact of exchange rate movements. This approach is used to assess the AROA group's underlying comparative financial performance without any distortion from changes in foreign exchange rates, specifically the USD. Unless otherwise specified, all references in this Annual Report to 'constant currency' or 'CC' are as set out here.
CEO	Chief Executive Officer
Companies Act	Companies Act 1993 (NZ)
Corporations Act	Corporations Act 2001 (Cth, Australia)
ECM	Extracellular matrix
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FDA	Food and Drug Administration (US)
FY	Financial Year
GPO	Group purchasing organisation
Group	The group of companies comprising AROA, Aroa Biosurgery Incorporated (Delaware File number 6560549) and Mesynthes Nominee Limited (NZCN 5414111)
IPO	The Company's initial public offering in July 2020 of 60,000,000 shares in the Company at a price of A\$0.75 per share
LTI or long-term incentive	A discretionary long-term incentive variable remuneration in the form of share options.
NZD	New Zealand Dollar

NZ GAAP	New Zealand Generally Accepted Accounting Practice
NZ IFRS	New Zealand Equivalents to International Financial Reporting Standards
NZ Option Plan	The Aroa Biosurgery Share Option Plan (NZ)
Omnibus Plan	The Aroa Biosurgery Omnibus Plan commencing in FY25
PSRs	Performance share rights issued under the Omnibus Plan
RSUs	Restricted stock units issued under the Omnibus Plan
Shares	Ordinary shares in the Company
Share Plan	The Aroa Employee Incentive Share Plan 2014, which was wound up in 2020
STI or Short-term incentive	Discretionary short-term bonus providing the potential for an annual cash bonus based on pre-determined company and individual targets
Substantial Holder	Has the meaning given to it in the Corporations Act
TAM	Estimated total addressable market
TELA Bio	TELA Bio, Inc. TELA Bio is AROA's sales and distribution partner licensed for abdominal wall reconstruction/hernia and breast reconstruction indications in North America and Europe.
US	The United States of America
USD	United States Dollar
US Option Plan	The AROA Biosurgery 2021 US Share Option Plan
VWAP	The volume weighted average market price for Shares reported on the ASX

+ IP notice

AROA, Aroa Biosurgery, AROA ECM, Endoform, Myriad, Myriad Matrix, Morcells, Myriad Morcells, Myriad Morcells Fine, Symphony and Enivo are trademarks of Aroa Biosurgery Limited. All other trademarks are properties of their respective owners. ©2025 Aroa Biosurgery Limited.

+ References

¹ Normalised EBITDA is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the 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. Refer to page 30 for reconciliation to NZ GAAP profit or loss.

² Guidance assumes an average NZ\$/US\$ exchange rate in FY26 of 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.

CORPORATE DIRECTORY

Directors

James McLean, Chair and independent non-executive director

Brian Ward, Founder, Chief Executive Officer and Managing Director

John Diddams, independent non-executive director

Darla Hutton, independent non-executive director

Philip McCaw, non-executive director

Dr. Catherine Mohr, independent non-executive director

John Pinion, independent non-executive director

Joint Company Secretaries

James Agnew, Chief Financial Officer and Joint Company Secretary

Tracy Weimar, Joint Company Secretary

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New Zealand

New Zealand Legal Adviser

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Auckland CBD, Auckland 1140
New Zealand

Australian Legal Adviser

Mills Oakley
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Sydney NSW 2000
Australia

Securities Registry

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