INTERIM FINANCIAL REPORT TO 30 SEPTEMBER 2026
APPENDIX 4D – ASX Listing Rule 4.2A

Aroa Biosurgery Limited
ARBN 638 867 473

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

Interim reporting period	30 September 2026
Previous corresponding interim period	30 September 2025

2. Results for announcement to the market

			Six months ended 30 September 2026 NZ$000	Six months ended 30 September 2025 NZ$000
2.1 Revenue from ordinary activities – Product sales	up	25%	55,622	44,630
Revenue from ordinary activities – Project fees	down	63%	85	230
2.2 Profit / (Loss) after tax attributable to members	up	131%	402	(1,301)
Normalised* profit / (loss) before tax from ordinary activities	up	314%	1,968	(921)
2.3 Profit / (Loss) after tax and attributable to members	up	131%	402	(1,301)
2.4 Dividends			Nil	Nil
2.5 Record date for dividend entitlement			Not applicable	Not applicable

2.6 Brief explanation of figures 2.1 to 2.3:

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

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

3. Net tangible assets

	30 September 2026	30 September 2025
Net tangible assets* (NZ$000)	74,510	67,473
Total number of securities on issue**	345,902,653	345,033,235
Net tangible assets per security (NZ$)	0.22	0.20

* Net tangibles assets exclude all intangible assets and right of use assets, as reported within the Condensed Consolidated Statement of Financial Position.
**Total number of securities on issue excludes all share options on issue.

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

This report is based on the interim condensed consolidated financial statements as at 30 September 2026, which have been reviewed by BDO Auckland (the Company's auditor) with the Independent Auditor's Review Report included in the 30 September 2026 interim condensed consolidated financial statements.
This report should be read in conjunction with the annual report for the year ended 31 March 2026 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Dated 24 November 2026



James Agnew
Company Secretary

Unlocking regenerative
healing for every*body*



AROA BIOSURGERY LIMITED

Interim Condensed Consolidated Financial Statements

30 September 2026

AROA™

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DIRECTORS' REPORT

The Board of Directors of Aroa Biosurgery Limited (the Company or AROA) are pleased to present this report in respect of the half-year ended 30 September 2026 (the Reporting Period). Unless otherwise stated, all amounts are presented in New Zealand dollars and are rounded to the nearest $0.1 million.

DIRECTORS

James McLean	Chair and Independent Non-Executive Director
Brian Ward	Managing Director and CEO
Catherine Mohr	Independent Non-Executive Director
Darla Hutton	Independent Non-Executive Director
Paul Shearer	Independent Non-Executive Director
Philip McCaw	Non-Executive Director
John Diddams	Independent Non-Executive Director (ceased 19 August 2026)

REVIEW OF OPERATIONS

Sales growth

AROA's total revenue was $55.7 million for the Reporting Period, which was an increase of 24% on H1 FY26 (PCP). The increase in revenue mostly reflects sales momentum in AROA's direct sales.

Myriad as the growth driver

In H1, Myriad™ sales were $30.9 million, an increase of 57% on PCP and a more modest 3% relative to H2 FY26. H2 is typically the stronger half, and the management expect this historical seasonality to hold for H2 FY27. Myriad remains the primary growth driver.

During the Reporting Period, AROA expanded the body of clinical evidence supporting the efficacy and safety of Myriad, with publication of the MASTRR Registry Interim Analysis in *Advances in Therapy*. The publication focused on the safety of Myriad and involved 411 patients and 474 defects across 10 US centres.

AROA believes this is the largest prospective observational study of bioscaffolds for soft tissue reconstruction in the peer-reviewed clinical literature. Importantly, in a challenging patient population where patients often have other disease states which are known to impair healing, patients healed with a median of one Myriad application for each defect. Deep tissue and superficial infections occurred in a strikingly low number of patients, and no infections or adverse events were definitively caused by Myriad.

These findings strengthen the clinical case for Myriad in complex wound healing, giving surgeons valuable evidence to inform treatment decisions and supporting adoption by hospitals and payors.

AROA direct sales increasing

Direct sales of $37.8 million (Myriad, Endoform™ and Symphony™) continue to be a growing share of AROA's product revenue at 68% of total product sales (up from 57% in the PCP). Myriad accounted for 56% of total product sales (compared with 44% in PCP) and 82% of AROA's direct sales. Endoform sales were NZ$5.9 million; Symphony sales were NZ$1.0 million.

Sales to TELA Bio were $17.8 million, down 7% on PCP. This reduction is a result of softer sales made by TELA Bio. During the period, TELA Bio implemented several changes to improve commercial performance, including the appointment of Heather Getz as Chief Executive Officer, a review of commercial activities, a renewed focus on cost control, and inventory management aimed at improving operating metrics. Sales to TELA Bio now represents 32% of total product sales, compared with 43% in the PCP. The strong growth in Myriad sales more than offset the reduction in TELA Bio related revenue.

AROA remains confident in the long-term commercial prospects for OviTex and OviTex PRS based on the strength of the clinical outcomes, and in the ongoing value of its relationship with TELA Bio. The arrangement provides access to the hernia and breast reconstruction markets without the associated sales force costs.

DIRECTORS' REPORT (Continued)

Sales productivity

Sales productivity improved during H1, with 15 sales representatives recording average annualised sales run rate of US$750,000, compared with nine representatives in PCP and 13 in the previous half. This was achieved with repeat use and wider adoption within existing accounts. Active accounts increased to 474 in H1, compared with 380 in PCP and 437 as at 31 March 2026.

During the period, AROA strengthened its commercial leadership with the appointment of Michael Lynskey as Chief Commercial Officer and Mike Falcon as General Manager – US Commercial. Michael leads global commercial strategy and execution, bringing more than 20 years' experience, including in senior roles at Smith+Nephew. Mike brings 20 years of experience in medical devices sales, most recently in soft tissue reconstruction and wound healing at LifeNet Health.

Symphony as a clinically proven growth option

Symphony offers a new growth opportunity in the US outpatient market with commercialisation still in the early stages.

The Company reached an important milestone in October with the publication of the Symphony randomised controlled trial (RCT) in the *International Wound Journal*. 143 patients with Wagner Grade 1 or 2 DFUs were enrolled in the study across 10 US sites. At 12 weeks, 55% of DFUs treated with Symphony plus standard of care achieved complete closure, compared with 35% of DFUs receiving standard of care alone. Mean time to closure was reduced by 7.8 days. Both findings were statistically significant. The RCT strengthens Symphony's clinical differentiation and provides compelling evidence for adoption.

During the Reporting Period, the US Centers for Medicare & Medicaid Services (CMS) proposed retaining the outpatient skin substitute payment rate of US$127.14 per square centimetre of wound treated for calendar year 2027. In November, CMS confirmed its intention to retain the rate, providing greater reimbursement certainty for healthcare providers and solidifying the economic reset that has disrupted the business models of the incumbents.

AROA believes the RCT evidence, greater reimbursement certainty, and responsible pricing sets Symphony up for future commercial success.

Gross margin

In H1, product gross margin increased to 88% up from 85% in PCP, an improvement of three percentage points. This reflects the growing contribution from higher-margin Myriad products.

EBITDA and cash position

Normalised EBITDA was $4.3 million, up from $1.8 million in PCP.

Operating cash inflows were $6.0 million, up 51% in PCP. As at 30 September 2026, cash and term deposits had increased by NZ$1.6 million to NZ$28.7 million. The Company remains debt-free. AROA's continued positive operating cash flow and cash position enable investment in commercial growth, clinical evidence, and product development.

Financial outlook

AROA reaffirms its FY27 guidance of $115–125 million in total revenue, and $8–11 million in normalised EBITDA. Full-year revenue is expected to be in the lower half of the guidance range, with AROA direct sales expected to grow more than 30% on FY26, and sales to TELA Bio expected to decline by 20%. Normalised EBITDA is reconfirmed in the guidance range, reflecting continued improvement in operating leverage.

Chief Financial Officer transition

Mark Dunwoodie has joined AROA as Chief Financial Officer and Joint Company Secretary, and James Agnew will depart on 30 November 2026.

DIRECTORS' REPORT (Continued)

FINANCIAL RESULTS

NORMALISED PROFIT OR LOSS[1]

	Reported H1 FY27 NZ$000	Reported H1 FY26 NZ$000	Reported YoY %	CC[2] H1 FY27 NZ$000	CC[2] H1 FY26 NZ$000	CC[2] YoY %
Product sales	55,622	44,630	25	53,434	44,019	21
Other revenue	85	230	(63)	84	225	(63)
Total revenue	**55,707**	**44,860**	**24**	**53,518**	**44,244**	**21**
Cost of Sales	(6,937)	(6,589)	5	(6,937)	(6,589)	5
Gross profit	**48,770**	**38,271**	**27**	**46,581**	**37,655**	**24**
Product gross margin %	**88%**	**85%**	**300 bps**	**87%**	**85%**	**200 bps**
Other income	1,943	463	320	1,912	463	313
Normalised selling and administrative expenses3	(45,908)	(35,500)	29	(44,739)	(35,189)	27
Research and development	(3,266)	(4,057)	(19)	(3,266)	(4,057)	(19)
Total normalised operating expenses	**(49,174)**	**(39,557)**	**24**	**(48,005)**	**(39,246)**	**22**
Normalised EBIT	**1,539**	**(823)**	**287**	**488**	**(1,128)**	**143**
Add back: depreciation & amortisation	2,783	2,585	8	2,783	2,585	8
Normalised EBITDA	**4,322**	**1,762**	**145**	**3,271**	**1,457**	**125**
Normalised net finance (expenses)/income [3]	429	(98)	538	36	158	(77)
Normalised profit/(loss) before income tax	**1,968**	**(921)**	**314**	**524**	**(970)**	**154**

1. The normalised profit or loss is non-conforming financial information, as defined by the NZ Financial Markets Authority. It has been provided to assist users of financial information to better understand and assess the Group's comparative financial performance without any distortion from NZ GAAP accounting treatment. The Group has removed the impact of non-cash share-based payments expense and unrealised foreign currency gains or losses from the profit or loss. This approach is used by management and the Board to assess the Group's comparative financial performance.

2. Constant currency removes the impact of exchange rate movements. This approach is used to assess the Group's underlying comparative financial performance without any distortion from changes in foreign exchange rates, specifically USD. The NZ$/US$ exchange rate of 0.60 has been used in the constant currency analysis, representing the Group's internal budget rate and the rate used for FY27 financial guidance.

3. These items have been normalised by the amounts outlined within the section headed 'Reconciliation of Normalised Profit or Loss to NZ GAAP Profit or Loss' below.

DIRECTORS' REPORT (Continued)

Product sales

The Company achieved product sales of $55.6 million for H1 FY27, which is a 25% increase (21% on a constant currency basis) compared to H1 FY26 ($44.6 million). Myriad sales were $30.9 million, an increase of 57% (53% on a constant currency basis), compared to H1 FY26 ($19.7 million). OviTex and OviTex PRS sales were $17.8 million, a decrease of 7% (-10% on a constant currency basis), compared to H1 FY26 ($19.2 million). TELA Bio's sales of Ovitex and Ovitex PRS decreased 7% for the same period. Endoform™ sales were $5.9 million, an increase of 3% (1% on a constant currency basis) compared to H1 FY26 ($5.7 million). Symphony sales reached $1.0 million in H1 FY27, compared to $0.1 million in H1 FY26.

Product sales were supported by favourable foreign exchange tailwinds, accounting for an incremental $2.2 million in reported revenue when compared to the constant currency set for guidance.

Other revenue

Other revenue representing project fees income received for product development projects undertaken with TELA Bio was $0.1 million for H1 FY27 (a decrease of $0.1 million compared to H1 FY26).

Total revenue

Total revenue for H1 FY27 was $55.7 million, an increase of 24% (21% on a constant currency basis), compared to H1 FY26 ($44.9 million).

Product gross margin %

Product gross margin was 88% in H1 FY27, up from 85% in H1 FY26. This increase is due to the sales growth in high margin Myriad products.

Other income

Other income was $1.9 million for H1 FY27. This includes $1.4 million in refunds of tariffs paid during FY26, with the balance of other income representing research & development tax incentive income.

Normalised operating expenses

Total normalised operating expenses were $49.2 million for H1 FY27, an increase of 24% (22% on a constant currency basis) compared to H1 FY26 ($39.6m).

Selling and administrative expenses were $45.9 million for H1 FY27, an increase of 29% (27% on a constant currency basis) compared to H1 FY26 ($35.5 million). Sales and marketing expenses (excluding clinical development) were $34.0 million, an increase of 44% compared to H1 FY26 ($23.6 million), reflecting AROA's deliberate investment in its sales management.

Research and development expenses were $3.3 million in H1 FY27, a decrease of 19% compared to H1 FY26 ($4.1 million), which was primarily the result of a higher proportion of development costs being capitalised, compared to H1 FY26.

Normalised EBITDA

AROA made a normalised EBITDA profit of $4.3 million; a 145% increase compared to H1 FY26 ($1.8 million).

Normalised EBITDA was supported by favourable foreign exchange tailwinds, accounting for an incremental $1.0 million in reported EBITDA when compared to the constant currency set for guidance.

Cash Flows

Cash receipts from sales revenue were $60.5 million for H1 FY27, an increase of 34% compared to H1 FY26 ($45.0 million), reflecting an increase in product sales and more effective management of trade debtors. Cash paid to suppliers and employees was $55.8 million for H1 FY27, an increase of 35% compared to H1 FY26 ($41.3 million). The Group reported net cash inflows from operating activities of $6.0 million for H1 FY27, a 51% increase compared to H1 FY26 ($4 million).

Purchases of property, plant and equipment were $1.0 million for H1 FY27 (compared to $0.5 million in H1 FY26), reflecting general maintenance CAPEX, including a cyclical upgrade in technology across the business. Capitalised development costs were $2.2 million in H1 FY27 compared to $0.8 million in H1 FY26.

Net cash outflow from financing activities was $0.9 million for H1 FY27, compared to $0.9 million for H1 FY26.

The Group reported a total increase in cash on hand and term deposits of $1.6 million for H1 FY27, compared to $1.5 million in H1 FY26. The Group remains debt-free with cash on hand and term deposits of $28.7 million.

DIRECTORS' REPORT (Continued)

Reconciliation of normalised profit or loss to NZ GAAP profit or loss

	Unaudited 30 September 2026 NZ$000	Unaudited 30 September 2025 NZ$000
Normalised profit/(loss) before income tax	**1,968**	**(921)**
Share based payments included in selling and administrative expenses	(536)	(555)
Unrealised currency gains/(loss) included in net finance (expenses)/income	(640)	441
Profit/(Loss) before income tax (NZ GAAP)	**792**	**(1,035)**

Share based payment expenses

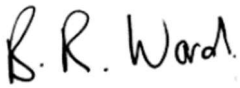
Share based payment expenses were $536,000 (H1 FY26: $555,000). These relate to the vesting of the equity-based awards issued to employees of the Group. Share based payment expenses of $332,000 relating to prior periods were released to accumulated losses, reflecting the forfeiture of employee performance share rights during H1 FY27 (H1 FY26: $75,000). A total of 4,926,432 share options expired during H1 FY27 (H1 FY26: 6,144,050), accounting for $2.4 million share based payment expenses that were recognised in FY21 through FY26.

Unrealised currency gains/(loss)

Unrealised foreign currency gains/(loss) reflect net gains resulting from the revaluation of forward exchange contracts and revaluation of monetary assets and liabilities excluding cash balances.



James McLean - Chair and Independent Non-Executive Director



Brian Ward – Managing Director and CEO

Dated 24 November 2026

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 September 2026

	Note	Unaudited 30 September 2026 $000	Unaudited 30 September 2025 $000
Revenue	3	55,707	44,860
Cost of sales		(6,937)	(6,589)
Gross profit		**48,770**	**38,271**
Other income		1,943	463
Selling and administrative expenses		(46,444)	(36,055)
Research and development expenses		(3,266)	(4,057)
Profit /(loss) from operations before net financing income/(expenses) and income tax	4	**1,003**	**(1,378)**
Finance income	5	637	1,516
Finance expenses	5	(848)	(1,173)
Profit /(loss) before income tax		792	(1,035)
Income tax expense		(390)	(266)
Profit /(loss) for the period attributable to shareholders		**402**	**(1,301)**
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Exchange (loss) / gain arising on translation of foreign operations		(354)	(13)
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	12	70	33
Total other comprehensive (loss)/gain		**(284)**	**20**
Total comprehensive gain /(loss) for the period attributable to shareholders		**118**	**(1,281)**
Earnings per share during the period:			
Basic earnings per share (cents)	11	0.12	(0.38)
Diluted earnings per share (cents)	11	0.11	(0.38)

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

Condensed Consolidated Statement of Financial Position

As at 30 September 2026

	Note	Unaudited 30 September 2026 $000	Audited 31 March 2026 $000
Current assets			
Cash and cash equivalents	6a	18,660	21,061
Term deposits	6b	10,000	5,995
Trade and other receivables	7	17,462	22,172
Inventory		7,882	6,019
Prepayments		3,731	3,499
Contract assets	3a	18,548	18,261
Tax receivable		-	192
Total current assets		**76,283**	**77,199**
Non-current assets			
Contract assets	3a	2,527	3,181
Property, plant and equipment	8	15,432	15,414
Prepayments		48	60
Right of use assets		4,622	5,297
Intangible assets	9	20,868	19,413
Financial assets at fair value through other comprehensive income	12	150	80
Total non-current assets		**43,647**	**43,445**
Total assets		**119,930**	**120,644**
Current liabilities			
Trade and other payables		6,575	6,286
Contract liabilities		-	1,290
Derivative liabilities		1,740	1,375
Employee benefits		5,592	5,776
Lease liabilities		1,387	1,481
Tax payable		157	-
Total current liabilities		**15,451**	**16,208**
Non-current liabilities			
Provisions		214	202
Lease liabilities		4,265	4,895
Total non-current liabilities		**4,479**	**5,097**
Total liabilities		**19,930**	**21,305**
Net assets		**100,000**	**99,339**
Equity			
Share capital	13	147,477	147,112
Accumulated losses		(53,410)	(53,812)
Foreign currency translation reserve		(795)	(441)
Fair value through other comprehensive income reserve	12	150	80
Share based payment reserve	14	6,578	6,400
Total equity		**100,000**	**99,339**

On behalf of the Board: 24 November 2026 B. R. Ward

James McLean – Chairman Brian Ward – CEO

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

Condensed Consolidated Statement of Movements in Equity

For the half-year ended 30 September 2026

	Note	Share capital $000	Accumulated losses $000	Foreign currency translation reserve $000	Fair value through OCI $000	Share based payments reserve $000	Total Equity $000
Balance as at 1 April 2026		**147,112**	**(53,812)**	**(441)**	**80**	**6,400**	**99,339**
Comprehensive income							
Profit for the period		-	402	-	-	-	402
Other comprehensive loss for the period		-	-	(354)	70	-	(284)
Total comprehensive income for the period		**-**	**402**	**(354)**	**70**	**-**	**118**
Transactions with shareholders							
Share based payment transactions	14	-	-	-	-	868	868
Forfeiture of unvested employee share options		-	-	-	-	(332)	(332)
Shares exercised under share-based payments awards	13/14	358	-	-	-	(358)	-
Repayment of employee loans for acquisition of shares	13	7	-	-	-	-	7
Total transactions with shareholders		365	-	-	-	178	543
Balance as at 30 September 2026		**147,477**	**(53,410)**	**(795)**	**150**	**6,578**	**100,000**

Balance as at 1 April 2025		**146,842**	**(64,058)**	**(344)**	**158**	**10,487**	**93,085**
Comprehensive income							
Loss for the period		-	(1,301)	-	-	-	(1,301)
Other comprehensive income / (loss)		-	-	(13)	33	-	20
Total comprehensive income for the period		**-**	**(1,301)**	**(13)**	**33**	**-**	**(1,281)**
Transactions with shareholders							
Share based payment transactions		-	-	-	-	630	630
Forfeiture of unvested employee share options		-	-	-	-	(75)	(75)
Shares exercised under share-based payments awards		100	-	-	-	(100)	-
Repayment of employee loans for acquisition of shares		10	-	-	-	-	10
Total transactions with shareholders		**110**	**-**	**-**	**-**	**455**	**565**
Balance as at 30 September 2025		**146,952**	**(65,359)**	**(357)**	**191**	**10,942**	**92,369**

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 September 2026

	Note	Unaudited 30 September 2026 $000	Unaudited 30 September 2025 $000
Cash flows from operating activities			
Cash receipts from sales of goods		60,533	45,063
Cash receipts from grant income, project fees, and license fees		1,181	367
Cash paid to suppliers and employees		(55,809)	(41,265)
Interest received		136	288
Interest paid		-	(474)
Income tax paid		(43)	-
Net cash inflow / (outflow) from operating activities		**5,998**	**3,979**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(1,013)	(497)
Purchase of intangible assets	9	(383)	(235)
Capitalised development costs	9	(2,183)	(842)
Investment in term deposits	6b	(10,000)	(4,000)
Proceeds from term deposits	6b	5,995	5,000
Net cash outflow from investing activities		**(7,584)**	**(574)**
Cash flows from financing activities			
Proceeds from issue of shares	13	20	10
Lease liability – principal payments		(733)	(702)
Lease liability – interest payments		(197)	(204)
Net cash outflow from financing activities		**(910)**	**(896)**
Net increase / (decrease) in cash and cash equivalents		**(2,496)**	**2,509**
Effect of exchange rate fluctuations on cash and cash equivalents		95	(52)
Cash and cash equivalents at beginning of the period	6a	21,061	7,991
Cash and cash equivalents at end of the period		**18,660**	**10,448**

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

Notes to the Consolidated Financial Statements

For the half-year ended 30 September 2026

1. Corporate Information

Aroa Biosurgery Limited ("the Company") together with its subsidiaries (“the Group”) is a leading soft tissue regeneration company that 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 condensed interim consolidated financial statements of Aroa Biosurgery Limited and its subsidiaries (the "Group") for the half-year ended 30 September 2026 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	30 September 2026 %	30 September 2025 %
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 condensed interim consolidated financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993. These unaudited condensed consolidated financial statements were authorised for issue by the Board of Directors on 24 November 2026.

2. Summary of material accounting policies

Statement of compliance and basis of preparation

The condensed interim 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”), including NZ IAS 34 Interim Financial Reporting, as appropriate for Tier 1 profit-orientated entities.

The condensed interim consolidated financial statements also comply with IFRS® Accounting Standards (IFRS®) as issued by the International Accounting Standards Board (IASB) including IAS 34 Interim Financial Reporting.

There have been no voluntary changes to the accounting policies applied by the Group during the interim period. The accounting policies and methods of computation applied in these condensed interim consolidated financial statements are consistent with those applied in the most recent annual consolidated financial statements.

The condensed interim consolidated financial statements do not include all the notes of the type normally included in the annual consolidated financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 March 2026, which were prepared in accordance with NZ IFRS and IFRS Accounting Standards.

Basis of measurement

The condensed interim 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 instruments at fair value through profit or loss

Functional and presentation currency

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

2. Summary of material accounting policies (continued)

Use of estimates and judgements

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

Significant estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.
Estimates and judgements were made in respect of:

- TELA Bio Incorporated (TELA Bio) accrued revenue (contract assets) (note 3a)
- impairment assessment of intangible assets
- the value of development expenditure capitalised
- the value of share-based payments (note 14)

In its quarterly report for the period ended 30 September 2026, TELA Bio disclosed substantial doubt about its ability to continue as a going concern. Management has assessed the recoverability of the contract assets (note 3a) and receivables of $7.3 million (31 March 2026: $9.5 million) due from TELA Bio and is satisfied that no impairment is required.

New standards, interpretations and amendments

There are a number of standards, amendments to standards, and interpretations which have been issued and are effective for the six months ended 30 September 2026. These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of the Group.

Standards Issued but not yet effective

NZ IFRS 18 Presentation and Disclosure in Financial Statements

NZ IFRS 18 replaces NZ IAS 1 Presentation of Financial Statements and introduces new requirements for the presentation and disclosure of information in financial statements, including new requirements for the classification of income and expenses and presentation of subtotals in the statement of profit or loss, disclosures relating to management-defined performance measures, and enhanced requirements for aggregation and disaggregation.

The Group is currently assessing the impact of adopting IFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027. The Group has not adopted, and currently does not anticipate adopting, any standards prior to their effective dates.

3. Revenue and segment information

	Unaudited 30 September 2026 $000	Unaudited 30 September 2025 $000
Sales of goods (USA)	53,323	42,980
Sales of goods (Rest of the world)	2,299	1,650
Project fees (USA)	85	230
Total revenue	**55,707**	**44,860**
Revenue recognised point in time	55,622	44,630
Revenue recognised over time	85	230
Total revenue	**55,707**	**44,860**

Segment information

Revenue from external customers is derived from the sales of goods and project fees, as reflected above.
The Group sells its products and services to external customers who are primarily located in the United States of America (USA).

For internal reporting purposes, the Chief Operating Decision Makers review business activities, performance, and associated assets and liabilities on a consolidated group basis. Revenue of $17,924,000 (H1 FY26: $19,389,000) is derived from a single external customer, TELA Bio, the Group's sales and distribution partner in the USA. The revenue derived from TELA Bio represents 32% (H1 FY26: 43%) of the total Group revenue. The Group held all of its non-current assets in New Zealand with the exception of the right-of-use assets of $153,000 (H1 FY26: $277,000) for the leasehold property and property, plant, and equipment of $363,000 (H1 FY26: $314,000) in the USA as at reporting date.

Segment information (continued)

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. Under the contract with TELA Bio, the Group is entitled to an agreed percentage of TELA Bio's net sales. This revenue represents variable consideration ("revenue share"), with the amount ultimately received is uncertain as it depends on the quantity of TELA Bio's inventory that is sold and the prices achieved.

Consideration from TELA Bio comprises a transfer price for the products shipped to TELA Bio, with the balance settled through a quarterly true-up to align with the agreed percentage based on TELA Bio's net sales. At each reporting date, the Group estimates the true-up on TELA Bio's inventory 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 30 September 2026 was $21,075,000 (31 March 2026: $21,442,000).

4. Profit / (loss) from operations before net financing income

Profit / (loss) from operations before net financing income includes the following:

	Note	Unaudited 30 September 2026 $000	Unaudited 30 September 2025 $000
Fees paid to auditors- Half year review - BDO Auckland		89	79
Employee benefit expenses		35,639	27,224
Employer contributions defined contribution superannuation scheme		1,849	1,532
Employee share-based payment expenses	14	536	555
Depreciation:			
Leasehold improvements	8	331	200
Plant and equipment	8	487	535
Furniture and fittings	8	33	32
Computer equipment	8	144	169
Right of use assets		677	660
Directors' fees	10	466	360
Insurance		838	848
Amortisation:			
Patents & Trademarks	9	77	68
Customer relationships	9	309	309
Reacquired rights	9	272	271
Capitalised development costs	9	453	341

5. Net finance income/(expenses)

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

	Unaudited 30 September 2026 $000	Unaudited 30 September 2025 $000
Finance income		
Interest received on bank balances – financial assets at amortised cost	244	364
Other finance income		
Foreign currency gains	393	-
Foreign currency gain on derivative financial liabilities	-	1,152
Total finance income	**637**	**1,516**
Finance expenses		
Interest expenses – lease liabilities	(205)	(204)
Other finance expenses		
Unwinding of discounts – make good provision	(3)	(2)
Foreign currency losses	(275)	(967)
Foreign currency losses on derivatives financial liabilities	(365)	-
Total finance expenses	**(848)**	**(1,173)**
Net finance income/(expenses)	**(211)**	**343**

6. Cash and cash equivalents & term deposits

a. Cash and cash equivalents

	Unaudited 30 September 2026 $000	Audited 31 March 2026 $000
Bank balances – cash at bank	18,660	21,061
Total cash and cash equivalents	**18,660**	**21,061**

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

b. Term deposits

	Unaudited 30 September 2026 $000	Audited 31 March 2026 $000
Term deposits	10,000	5,995
Total term deposits	**10,000**	**5,995**

During the period, the Group entered into short-term deposit arrangements with BNZ and Westpac. The term deposits not yet matured at the reporting date had an average rate of 3.47% (31 March 2026: 3.44%) per annum, with a maturity of 6 months (31 March 2026: 6 months) from the date of placement. All term deposits are held in NZD.

7. Trade and other receivables

Trade and other receivables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less a 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 3a). To measure expected credit losses on a collective basis, trade receivables and contract assets (note 3a) 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 reporting date. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

	Unaudited 30 September 2026 $000	Audited 31 March 2026 $000
Trade receivables	16,558	21,215
Less provision for impairment of trade receivables	(112)	(244)
Net trade receivables	**16,446**	**20,971**
Other receivables	392	155
Other receivables – Research and Development Tax Incentive accrual	480	904
Trade and other receivables – financial assets at amortised cost	**17,318**	**22,030**
GST receivable	144	142
Total current trade and other receivables	**17,462**	**22,172**

Trade receivables of $16,446,000 (31 March 2026: $20,971,000) are shown net of impairment losses. Trade receivables are interest-free. Short-term trade receivables are not discounted. Other receivables include an accrual relating to tax credit income under the Research and Development Tax Incentive program.

The ageing analysis of trade receivables is as follows:

	Unaudited 30 September 2026 $000	Audited 31 March 2026 $000
Current	14,986	19,811
1 - 30 days overdue	1,232	803
30 - 60 days overdue	235	272
60 - 90 days overdue	81	140
90+ days overdue	24	189
Total trade receivables	**16,558**	**21,215**

8. Property, plant and equipment

Unaudited as at 30 September 2026

	Leasehold Improve-ments $000	Capital Work in Progress $000	Plant and Equipment $000	Fixture and Fitting $000	Computer Equipment $000	Total $000
Cost						
Balance 1 April 2026	5,598	8,336	11,743	822	2,647	29,146
Additions	7	445	146	36	379	1,013
Transfers in / (out)	-	(2,494)	2,494	-	-	-
Balance 30 September 2026	**5,605**	**6,287**	**14,383**	**858**	**3,026**	**30,159**
Accumulated Depreciation						
Balance 1 April 2026	(3,221)	-	(7,782)	(523)	(2,206)	(13,732)
Depreciation	(331)	-	(487)	(33)	(144)	(995)
Balance 30 September 2026	**(3,552)**	**-**	**(8,269)**	**(556)**	**(2,350)**	**(14,727)**
Net Book Value						
Balance 1 April 2026	2,377	8,336	3,961	299	441	15,414
Balance 30 September 2026	**2,053**	**6,287**	**6,114**	**302**	**676**	**15,432**

Audited as at 31 March 2026

	Leasehold Improve-ments $000	Capital Work in Progress $000	Plant and Equipment $000	Fixture and Fitting $000	Computer Equipment $000	Total $000
Cost						
Balance 1 April 2025	5,081	8,407	11,403	812	2,334	28,037
Additions	27	651	108	10	313	1,109
Transfers in/ (out)	490	(722)	232	-	-	-
Balance 31 March 2026	**5,598**	**8,336**	**11,743**	**822**	**2,647**	**29,146**
Accumulated Depreciation						
Balance 1 April 2025	(2,713)	-	(6,815)	(458)	(1,880)	(11,866)
Depreciation	(508)	-	(967)	(65)	(326)	(1,866)
Balance 31 March 2026	**(3,221)**	**-**	**(7,782)**	**(523)**	**(2,206)**	**(13,732)**
Net Book Value						
Balance 1 April 2025	2,368	8,407	4,588	354	454	16,171
Balance 31 March 2026	**2,377**	**8,336**	**3,961**	**299**	**441**	**15,414**

9. Intangible assets

Unaudited as at 30 September 2026

	Patents and trademarks $000	Customer relationships $000	Reacquired rights $000	Goodwill $000	Capitalised develop -ment $000	Total $000
Cost						
Balance 1 April 2026	2,513	5,563	9,772	5,538	7,494	30,880
Additions	383	-	-	-	2,183	2,566
Balance 30 September 2026	**2,896**	**5,563**	**9,772**	**5,538**	**9,677**	**33,446**
Accumulated Amortisation						
Balance 1 April 2026	(668)	(4,945)	(4,343)	-	(1,511)	(11,467)
Amortisation	(77)	(309)	(272)	-	(453)	(1,111)
Balance 30 September 2026	**(745)**	**(5,254)**	**(4,615)**	**-**	**(1,964)**	**(12,578)**
Net Book Value						
Balance 1 April 2026	1,845	618	5,429	5,538	5,983	19,413
Balance 30 September 2026	**2,151**	**309**	**5,157**	**5,538**	**7,713**	**20,868**

Audited as at 31 March 2026

	Patents and trademarks $000	Customer relationships $000	Reacquired rights $000	Goodwill $000	Capitalised develop -ment $000	Total $000
Cost						
Balance 1 April 2025	2,565	5,563	9,772	5,538	5,223	28,661
Additions	351	-	-		2,271	2,622
Written off	(403)	-	-	-	-	(403)
Balance 31 March 2026	**2,513**	**5,563**	**9,772**	**5,538**	**7,494**	**30,880**
Accumulated Amortisation						
Balance 1 April 2025	(659)	(4,327)	(3,800)	-	(766)	(9,552)
Amortisation	(130)	(618)	(543)	-	(745)	(2,036)
Written off	121	-	-	-	-	121
Balance 31 March 2026	**(668)**	**(4,945)**	**(4,343)**	**-**	**(1,511)**	**(11,467)**
Net Book Value						
Balance 1 April 2025	1,906	1,236	5,972	5,538	4,457	19,109
Balance 31 March 2026	**1,845**	**618**	**5,429**	**5,538**	**5,983**	**19,413**

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

10. Related parties

(i) Subsidiaries

Interests in subsidiaries are set out in note 1.

(ii) Key management compensation

Executive management team

	Unaudited 30 September 2026 $000	Unaudited 30 September 2025 $000
Short term employee benefits	1,754	1,181
Employer contributions defined contribution superannuation scheme	76	34
Share based payment expenses	338	248
Total	**2,168**	**1,463**

Non-executive directors

	Unaudited 30 September 2026 $000	Unaudited 30 September 2025 $000
Short-term employee benefits	466	360
Share based payment expenses	-	26
Total	**466**	**386**

(iii) Period end balances

There were no related party balance at half-year end and no loans provided to key management personnel for acquisition of Company shares prior to IPO (March 2026: $18,000).

(iv) Transactions with related parties

There were no other related party transactions during the period.

11. Earnings per share

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

	Unaudited 30 September 2026 $000	Unaudited 30 September 2025 $000
Numerator		
Gain (loss) for the half year after tax ("N") in $000	402	(1,301)
Denominator		
Weighted average number of ordinary shares used in basic EPS ("D1") in 000	345,882	344,967
Effects of:		
Potential ordinary shares arising from share-based payment awards in 000	3,433	-*
Weighted average number of shares used in diluted EPS ("D2") in 000	349,314	344,967
	Cents	Cents
Basic earnings per share (N/D1 x 100)	0.12	(0.38)
Diluted earnings per share (N/D2 x 100)	0.11	(0.38)

* As employee share options were anti-dilutive, these were excluded from the calculation of diluted earnings per share for the half-year ended 30 September 2025.

12. Financial instruments measured at fair value

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

The Group holds an equity investment in TELA Bio, a U.S. listed company which the Group has elected to recognise at fair value gains or losses through other comprehensive income. TELA Bio is the Group's largest customer and trading partner. The Group held 74,316 (2026: 74,316) shares at US$1.15 per share at the reporting date (31 March 2026: US$0.62).

	Unaudited 30 September 2026 $000	Audited 31 March 2026 $000
US listed equity securities		
Balance at beginning of the period	80	158
Changes in fair value through other comprehensive income	70	(78)
Balance at end of the period	**150**	**80**

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 Group holds derivative financial instruments measured at fair value through profit or loss. At 30 September 2026, these were derivative liabilities of $1,740,000 (31 March 2026: $1,375,000). The Group does not apply hedge accounting for derivative contracts. The fair value measurements for derivative financial instruments are classified as Level 2 in the NZ IFRS 13 fair value hierarchy, as the valuation techniques use observable market data other than quoted prices in active markets.

The carrying amounts of the Group's other financial assets and financial liabilities approximate their fair value.

13. Share capital

Ordinary shares

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

	Unaudited 30 September 2026 $000	Audited 31 March 2026 $000
Share capital at beginning of the period	**147,112**	**146,842**
Shares exercised under share-based payments awards	358	100
Repayment of employee loans for acquisition of shares	7	82
Issue of shares	-	88
Share capital at end of the period	**147,477**	**147,112**

of Ordinary shares

	Unaudited 30 September 2026	Audited 31 March 2026
At beginning of the period	**345,476,196**	**344,900,256**
Issue of share capital	426,457	575,940
At end of the period	**345,902,653**	**345,476,196**

14. Share based payments

The Group has operated a number of share-based payment arrangements over time. The fair value of share-based payment awards is determined at grant date and recognised as an employee expense over the vesting period, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the number of awards expected to vest based on service and non-market performance conditions. For awards with market-based performance conditions, the grant date fair value reflects those conditions and is not subsequently adjusted.

The share-based payment reserve represents the cumulative fair value of awards recognised, which is transferred to share capital (or retained earnings, as appropriate) upon settlement, exercise and/or expiry.

14. Share based payments reserve (continued)

The table outlines movement in the share-based payment reserve during the period:

	Unaudited 30 September 2026 $000	Audited 31 March 2026 $000
Opening balance	**6,400**	**10,487**
Share-based payment expense	868	1,614
Employee shares forfeited	(332)	(33)
Total expenses recognised in consolidated statement of profit or loss	**536**	**1,581**
Forfeiture of employee shares released through retained earnings in equity	-	(5,568)
Exercise of employee shares recognised through share-based payments reserve	(358)	(100)
Total changes recognised in consolidated statement of movements in equity	**(358)**	**(5,668)**
Closing balance	**6,578**	**6,400**

The Group's share-based payment arrangements include:

(a) Pre-IPO Share Option Plan

The Group previously operated the Aroa Biosurgery Share Option Plan (pre-IPO), under which options to acquire ordinary shares were granted to employees and other service providers.

Options were granted at an exercise price determined by the Board and specified in individual grant agreements. The options typically vested in three equal tranches over a three-year period, subject to continued employment, and had a contractual life of up to 10 years.

Upon exercise, participants were required to pay the exercise price and were issued ordinary shares. The Board had discretion to allow cashless (net settled) exercise in certain circumstances.

Summary of options granted under the Option Plan – pre-IPO

This plan is no longer active, however the following options granted under the plan may remain on issue:

	H1 FY27 Average exercise price per option NZ$	H1 FY27 # of options	FY 2026 Average exercise price per option NZ$	FY2026 # of options
Opening balance	**0.10**	**790,725**	**0.10**	**790,725**
Exercised during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Closing balance	**0.10**	**790,725**	**0.10**	**790,725**
Vested as at reporting date	**0.10**	**790,725**	**0.10**	**790,725**

Share options under the Option Plan – pre-IPO outstanding at the end of the year have the following expiry dates:

Grant date	Expiry Date	Unaudited 30 September 2026 # of options	Audited 31 March 2026 # of options
1 October 2018	01 October 2028	790,725	790,725

(b) Post-IPO Share Option Plan

Following the Group's IPO in July 2020, the Group continued to operate a share option plan under amended rules aligned with ASX listing requirements.

The key terms of the plan are broadly consistent with the pre-IPO plan, including options granted to certain employees and directors at an exercise price determined by the Board (typically based on market value at grant date), with share options subject to various vesting conditions including service conditions, market conditions and non-market performance conditions. Vesting generally occurs in tranches over a defined period, with settlement through the issue of ordinary shares upon exercise.

This plan remains in place for legacy grants but has been superseded by the Omnibus Incentive Plan. The following options granted under the plan remain on issue:

14. Share based payments reserve (continued)

Summary of options granted under the Option Plan – Post-IPO

	H1 FY27 Average exercise price per option NZ$	H1 FY27 # of options	FY26 Average exercise price per option NZ$	FY26 # of options
Opening balance	**0.87**	**10,977,494**	**0.86**	**20,025,358**
Forfeited during the period	1.02	(5,640,794)	0.88	(9,047,864)
Closing balance	0.97	**5,336,700**	**0.87**	**10,977,494**
Vested and exercisable at reporting date	**0.97**	**5,238,424**	**0.87**	**10,977,494**

Share options under the Option Plan - Post IPO outstanding at the end of the year have the following expiry dates:

	Share options Unaudited 30 September 2026 # of options	Share options Audited 31 March 2026 # of options
Expiry date		
28 June 2026	-	1,505,000
30 June 2026	-	1,196,432
8 August 2026	-	2,225,000
13 November 2027	2,014,642	2,600,692
30 November 2027	20,452	20,452
29 February 2028	1,091,456	1,091,456
3 August 2028	2,210,150	2,338,462
Total	**5,336,700**	**10,977,494**

(c) Omnibus Plan

The Group operates an Omnibus Incentive Plan (the "Plan") to provide long-term incentives to employees, directors and other eligible participants.

Under the Plan, the Board may grant a range of equity-based awards at its discretion, including options, performance options, performance share rights (PSRs), restricted stock units (RSUs) and restricted shares (collectively, "Awards"). Options and performance options may be granted with an exercise price determined by the Board and specified in the relevant offer documentation, while PSRs, RSUs and restricted shares do not have an exercise price.

Awards are subject to vesting conditions which may include service conditions, market-based performance conditions and non-market performance conditions. Vesting conditions and terms (including vesting periods) are determined by the Board on a grant-by-grant basis and may vary between participants.

Details of the movement in each class of award during the year, together with the basis for determining fair value at grant date, are set out below.

(i) Restricted shares

Under the Plan, restricted shares have been granted to New Zealand-based non-executive employees and are subject to service-based vesting conditions. The shares become unrestricted and are transferred to the participants after three years, providing the participants remaining employed with the Group until that date.

The fair value of the restricted shares is determined based on the volume weighted average price (VWAP) of the Company's shares over the five trading days immediately preceding the grant date.

14. Share based payments reserve (continued)

Summary of restricted shares

	H1 FY27 # of restricted shares	FY26 # of restricted shares
Opening balance	**430,605**	**-**
Granted in January 2026	-	442,961
Forfeited during the period	(35,832)	(12,356)
Closing balance	**394,773**	**430,605**

Restricted shares at the reporting date have the following vesting dates:

	H1 FY27 # of restricted shares	FY26 # of restricted shares
Vesting date		
30 January 2029	394,773	430,605
Total	394,773	**430,605**

(ii) Restricted stock units (RSUs)

During the year, the Company issued restricted stock units to key management and certain employees of the company. RSUs are measured at fair value based on the VWAP of the Company's shares over the 20 trading days immediately preceding the grant date.

Summary of restricted stock units

	H1 FY27 # of units	FY26 # of units
Opening balance	**1,311,159**	**958,541**
Granted 7 November 2025	-	519,444
Granted 30 June 2026	2,900,172	-
Granted 11 August 2026	631,082	-
Granted 19 August 2026	377,742	-
Exercised during the period	(426,457)	(132,979)
Forfeited during the period	(33,847)	(33,847)
Closing balance	**4,759,851**	**1,311,159**
Vested and exercised at reporting date	**-**	**426,457**

14. Share based payments reserve (continued)

Restricted stock units at the reporting date have the following vesting dates:

	H1FY27 # of units	FY26 # of units
Vesting date		
31 March 2026	-	426,457
8 December 2026	135,541	-
31 March 2027	945,853	859,700
8 June 2027	135,541	-
30 June 2027	1,092,638	-
31 March 2028	145,002	25,002
30 June 2028	1,092,638	-
31 March 2029	120,000	-
30 June 2029	1,092,638	-
Total	**4,759,851**	**1,311,159**

(iii) Performance share rights (PSRs)

The Company issued performance share rights to key management. PSRs subject to service conditions and non-market performance conditions are measured at fair value based on the volume weighted average price (VWAP) of the Company's shares over the 20 trading days immediately preceding the grant date. PSRs with market-based performance conditions are valued at grant date using an appropriate valuation model, with the key assumptions and resulting fair values set out in the table below.

Summary of performance share rights

	H1FY27 # of rights	FY26 # of rights
Opening balance	5,460,847	3,833,739
Granted 20 August 2025	-	1,051,869
Granted 7 November 2025	-	888,888
Granted 19 August 2026	726,559	-
Forfeited during the period	(850,608)	(313,649)
Closing balance	**5,336,798**	**5,460,847**
Vested as at reporting date	**-**	**-**

Performance share rights at the reporting date have the following vesting dates:

	H1FY27 # of rights	FY26 # of rights
Vesting date		
30 June 2026	-	782,914
30 June 2027	3,558,370	3,626,064
31 July 2028	1,051,869	1,051,869
31 July 2029	726,559	
Total	**5,336,798**	**5,460,847**

14. Share based payments reserve (continued)

Key valuation assumptions for the PSRs with market-based performance conditions:

	19 August 2026	7 November 2025	7 November 2025	20 August 2025	13 December 2024
Fair value at grant date (AUD)	0.454	0.588	0.588	0.473	0.490
Valuation date	19 August 2026	7 November 2025	7 November 2025	20 August 2025	13 December 2024
Share price at valuation date (AUD)	0.580	0.775	0.775	0.635	0.650
Average exercise price (NZD)	Nil	Nil	Nil	Nil	Nil
Expected volatility*	48%	43%	43%	45%	43%
Expected life	2.8 years	0.6 years	1.6 years	3 years	3 years
Risk free factor	4.50%	3.86%	3.86%	3.4%	3.86%
Valuation model	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo
Dividend yield	0%	0%	0%	0%	0%

15. Events after the reporting date

Subsequent to 30 September 2026, the Group entered into a co-promotion agreement with Mölnlycke Health Care US in relation to its Endoform products in specified US markets. Under the agreement, the Group is entitled to an upfront payment and a further payment subject to achieving specified sales milestones and will pay Mölnlycke a revenue share on qualifying sales.

16. Other Disclosures

Capital commitment

As at 30 September 2026, the Group had capital commitments of $Nil (unaudited) (H1 FY26 (unaudited): $67,000).

Contingent liabilities

As at 30 September 2026, the Group had no material contingent liabilities (unaudited) (H1 FY26 (unaudited): $nil).

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

Report on the Review of the Interim Condensed Consolidated Financial Statements

Conclusion

We have reviewed the accompanying interim condensed consolidated financial statements for the six month period of Aroa Biosurgery Limited and its controlled entities (collectively, the "Group"), which comprise the condensed consolidated statement of financial position as at 30 September 2026, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of movements in equity and condensed consolidated statement of cash flows for the period ended on that date and selected explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2026 and of its financial performance and its cash flows for the six month period ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting*.

Basis of Conclusion

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

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

Directors' Responsibilities for the Interim Condensed Consolidated Financial Statements

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

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

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

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

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

BDO Auckland

BDO Auckland
Auckland
New Zealand
24 November 2026

DIRECTORY

Non-Executive Director and Chairman
James McLean

Managing Director and CEO
Brian Ward

Non-Executive Directors
Dr. Catherine Mohr
Darla Hutton
John Diddams (ceased 19 August 2026)
Paul Shearer
Philip McCaw

Joint Company Secretaries
James Agnew
Tracy Weimar

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