Welcome, everyone. We've got a really good setup for you today.

It's a pleasure to welcome back Brian Ward.

He's the CEO, and he's the founder of Aroa Biosurgery.

ARX is the ticker code here. I know a lot of you are very

familiar with it.

But for those that aren't, we will make sure that we cover all the

basics here so no one's left behind.

But I can tell you a lot has happened since we last spoke to Brian and

all good stuff too, which I'm keen to get into.

But just to back up for a moment here, we're talking about a core technology that's

really about biological scaffolds here.

Ones that are derived naturally from sheep stomachs,

actually. So when you place this on a surgical site or on a wound,

it hooks into the body's natural mechanisms, gives it a scaffold to

repair itself,

healthy, functional tissue. And you can just imagine the use

cases for this. And the other thing it's really

important to note here as well is that we're well beyond the lab here.

Not that the company's idle on that front here, but this is

commercial products out in the field. Revenue's growing really strongly.

It's a Kiwi-based company. The financial year ends in March.

In the financial year just ended, we saw a

26% jump at the top line, which is really

nice. But it's nice for a couple of reasons.

It's nice because it crossed a pretty nice milestone of 100 million

New Zealand dollars, which is a nice round number and a big number at that.

But also pushed the business to a maiden profit as well, and it also bolstered

a balance sheet that was already looking in pretty good shape, to be honest.

So, added another 5 million or so to that.

We're up around 26 or so million

New Zealand dollars at this point in time.

So it's little wonder that it's caught the attention of some members.

In fact, people have been following it for quite a while.

So it's well and truly overdue, this conversation.

And I'm really looking forward to getting into it.

I always have to do the usual not advice, which I don't mean

to hand wave that away. It is important, but you guys know that.

And also, if you do have any questions as we go along, you know where the Slido

link is, and I'd really encourage you to make use of that.

So with all of that out of the way, Brian, good to see you again.

Andrew, it's great to be

here. It's been a while, so let's catch up.

It has been a while, but it doesn't feel like it's been a while.

No.

I think time just gets faster and faster.

So I did have a double take when I looked at the timestamp.

I guess the first thing to say is, it's a little bit

cringe, as the cool kids say, but congratulations on a good result.

It's an important milestone.

Thank you. Yeah, it absolutely is.

And it's

been a lot of work over a period of time, but it kind of feels like a lot of the

pieces are coming into place now for us.

So we're thrilled with being profitable and

strong growth, which has been good.

I'm rather fond of the saying, "The overnight success that was 10 years in the

making," which I'm sure resonates

as the founder.

Yeah. Absolutely.

So let's set the scene a little bit here.

People will be familiar with other companies like PolyNovo and others, and there's

different ways of sort of tackling the problem here.

I gave a very high-level overview.

How would you flesh that out for people that aren't familiar with Aroa?

Yeah. So we're a soft tissue reconstruction company, and we sort of play

in two areas. One's

surgical soft tissue reconstruction in the operating room.

So this is typically trauma procedures,

so lower limb salvage procedures.

So, both pretty large markets, and there's a whole range of other sort of more

minor procedures.

We're in chronic complex wounds, so

typically

wounds in elderly people, things like diabetic foot ulcers and venous

ulcers. Very difficult to heal, and the patients are really

complicated. So-

Mm

... we've had some success there as well.

And then also through our US distributor, Taleo

Bio, we have sales in

hernia and breast reconstruction.

So, we cover a broad range of soft tissue reconstruction

procedures. All of our products, we have four products that we sell in the US.

All of those products are based on our core technology, which is the

Aro-ECM.

Mm-hmm.

And like you said, it's a biological material.

So,

biologics, like synthetics, have been around for some time,

and there's clear use cases for both

types of technology. I think if you look at

our market on the biological side,

Aro-ECM is like a third-generation technology, so it kind of builds on things that

have come before. And what you see with this is

a material that has great structure, but also has a

lot of biology that helps with the healing process.

Mm.

And it's been developed in a way so that we've removed all the things from

it that the human body would react against.

So it's highly compatible in human tissue.

Mm.

So those three things together give it a unique healing

profile. And what we tend to see with it is

a technology that can build tissue really quickly.

It has much lower rates of complications compared to

other products, both synthetic and biologic.

And this is really important,

you typically only need to use our products, particularly in the

acute surgery situation, apply it once to get a really good outcome.

And so that has huge implications for the patient, for

the surgeon operating, but also for the cost to the hospital.

So-And we tend to see that across the family of products.

So, as you said, the products have been

commercial for some time. I think we've had over seven million patient treatments, so large number.

Wow.

There's over 100 studies on the technology.

We're now at a stage where

the clinical data is really solid.

The

value proposition for hospitals is really strong as well.

And our sales organization's been up and running for about four

years now. So starting to hit a stage of maturity where

we're really starting to get traction with the products, particularly our Myriad

product.

Yeah. I know we touched on it the last time we spoke about, but

I think it bears repeating because it's actually a

phenomenon that we see a lot with companies in this space, is that you've got to

sort of come up with a product, and then you've got to sort of validate the

product. But then, in a lot of ways, the harder part is sort of getting the

social proof almost.

Mm-hmm.

It's just like convincing the surgeons to use it, and

obviously they need data, but they're human.

Yeah.

They look around at what other people are using.

Sure.

Do you feel as though,

for want of a better term, that cultural shift is well and truly underway?

Are the sales guys having an easier time of it?

It's easier to convince

customers of the merits of this product?

Yeah, absolutely. So I think, when you think about when you first start commercializing a product, you're really dealing with

those surgeons that are probably a little bit more adventurous than some of their

peers. And-

Which is not always a term you want to hear from your surgeon

... No, exactly. And when I say adventurous, in terms of surgeons-

Sure

... they're still very conservative.

Yes.

So they don't want anything to go wrong, so-

Yeah

... rightly, they're very cautious.

But-

Yeah

... the least cautious of those people-

Yeah

... will use your products. And so, I think that's the early

stage. And then at that stage,

they provide that early validation for you.

But there's still a whole bunch of people that really

will hold back from using your product until

they have other reference points, so other surgeons that they can talk to who've

had a good experience.

Yeah.

But also,

data that they can trust at a scale where it's not

just ones and twos, it's tens of patients or

hundreds of patients.

Yeah.

And so they can have confidence because they
don't want to deal with things that don't work out and don't go well.
So, I think we're at a stage now where we've gone
past those early users, and the
people that are more conservative, but now can see the
data, have
more willingness to use. I think that where we see that is when we're now
putting new reps in place, the time between
them hitting the ground and getting their first
cases is shrinking.
Yeah.
So that time, they're getting up and going quicker.
So, yeah, I think we're
through that first stage,
which is really difficult.
Yeah. I guess part of it is also too, is just the people on the front
line having that opportunity to hone and sharpen their
pitch and the messaging and-
Yes
... all of that kind of stuff as well. Would you say that's a factor?
Oh, absolutely. Even just from a company perspective, you
have a view of
what customers are looking for, and
I think you get that early clinical experience, and you figure out, well,
this is how the product performs, this is how it fits into their
use cases.
Mm-hmm.
And we get better as well. When we
started, we had pretty basic infrastructure, a few

sales guys and a marketing person.

But now we've been able to build out better training, better organization of the sales team.

We're more efficient and effective as an organization as well. So it's a kind of a organizational maturity that kind of helps you a little bit as well.

Yeah. I've got a bunch of questions in terms of the sales stuff.

I will come back to that, though, because the other thing I wanted to touch on, which you mentioned before, was some of the cost advantages as well.

So a lot of the people making the purchase decisions aren't in the theater, they're sort of in the admin building.

Can you elaborate on that a little bit more in terms of the appeal that those types will find in this product?

Yeah. No, so I think there's a couple of things.

So, first it's got to work clinically, right?

Yeah.

So, you've got to have the surgeon buy-in, so that is super important.

I think, what is really important to management in hospitals is that it provides a way of lowering the total cost of care for a patient.

And so it's not just the cost of the product.

And certainly, we've priced our product so that it's an easy decision for them to make. It's certainly priced below what has been the market leaders.

But then it's the other costs that come into using your product. So, for example, if I use this product, does it mean that I have less complications, so then I don't have to take patients back to the operating room?

Yeah.

Because that simply costs me. That might cost me the cost of another

product, but also operating time.

Does it

save me the cost of treating some of those problems?

So, for example, if I have an infection, now I'm up for

the medical costs of that. It may be that that prolongs the length of

stay for the patient as well, so now that can accrue quite

quickly.

So I think that value side of it for the hospital

is super important, and that makes a big difference for a surgeon.

If he can go to the hospital and say, "Hey, not only is this working really

well, but it's going to save you money," that's a really easy

conversation.

Is there an insurance/rebate dimension

to this as well?

Yeah, there can be. So a good example of that would be in

the

hernia market. So

there, what's also important is are there

any complications within the first 90 days?

Mm.

So if there's a complication within the first 90 days, then

the cost of that falls to the hospital.

So, they're on the hook for additional costs that they didn't

expect. So if you can show that your product doesn't

cause

downstream complications, that's hugely important.

Yeah.

One of the other things I thought was probably worthwhile just laying out early

on was just the breadth of products here.

So they're-

Mm

... sort of all derived from the same core technology, but there's different end

uses and et cetera. Can you sort of walk us through the product

set and sort of give us a sense of

the contribution each makes to revenue?

And I suppose, which one are you most excited about, too?

Yeah. So, I'll talk about the one that's growing faster.

So our Myriad product is our fastest-growing product

and

that's a product for soft tissue reconstruction.

So this is predominantly in trauma and lower limb salvage.

Mm.

That's now,

I don't have the numbers in front of me, but that's our largest

product, grew by 54% last year.

Yeah.

Symphony is a new opportunity for us in outpatient

treatment of chronic wounds. That's a very large market.

There's been a big reset in that reimbursement environment,

and that's potentially a market, $1 to $2

billion.

It builds on our existing technology, so that's a fantastic opportunity for

us.

And then we have our OverTex product.

So OverTex is sold through our partner,

Telabio.

Yeah.

That's about 40% of our sales. So it's

40,

sorry, 49, no, 40% of our sales. That's about $40 million.

Mm.

So,

yeah. OverTex is hernia, breast

reconstruction. That's been a key kind

of portfolio for us. And then we've got our InDaForm business, which is about $8

million or so.

Yeah.

So relatively flat growth there. Sort of where we got started

in this market.

Yeah.

You mentioned Symphony and the reset that's underway there.

Mm.

I might get you to elaborate on that a bit more as well, because that feels like

a win a bit more for free markets as much as anything.

But also an opportunity, right? Like

the change is afoot in a good

way for you guys, it feels.

Yeah, that's right. So what's happened in this market is,

historically, the use of products has kind of been driven by price, and

so doctors were paid a percentage of the price of the product.

So,

they preferred higher priced products.

And so-

Show me the incentive and I'll show you the outcome.

That's it. So what we've seen in the last
year is a change, or it actually came into place on the 1st of January.
So CMS has said, "We've had enough of that.
We're going to reset this and we're going to
have a flat price of $127 a
square centimeter
for skin substitutes."
Mm.
And so what that has meant is that a lot of the
companies that were selling products at very, very high price points have
exited the market-
Mm
... because that business model that they had is no longer sustainable.
Mm.
And so you're left with a much smaller group of
companies that are offering high-quality products at
reasonable prices. And so that's one hurdle is the
reset of the price. The other kind of
pending hurdle is that, not only are the products got to be
reasonably priced, but they've actually got to work.
Yeah.
So you've got to have high-quality evidence that shows that they're
effective in treating
the two major sorts of wounds, so diabetic ulcers and venous ulcers.
Mm.
So, we've just wrapped up a randomized control
trial with Symphony. That's something that's been running over the last
three years. I think it's 141 patients.

And we're about to show that

the use of Symphony,

healing at 12 weeks is superior to

standard of care. We haven't released the detailed

study as of yet. It's gone for publication, so we can't release all the

detail until it's been published. But we have met the endpoints of that study.

So it puts us in a really good position in that market.

We

have a lot of flexibility around where we price this.

We can be very competitive on pricing.

The data's there to support the use of the product.

We think once we publish that data, that it'll be very well-regarded

by

physicians within that market. So we're really excited about Symphony.

It's a whole new

growth

pillar for our business.

And there's sort of two settings where that product gets

used. So it gets used in the hospital outpatient department,

and that's where we have our assistant sales team based.

Mm.

And it also gets used

in the

outpatient settings outside of the hospital.

So we're predominantly focused on what's happening in the hospital with

our sales team, but we're also putting in place some distribution

arrangements in the settings outside of hospital.

So,

there's a bit of a shakeup happening at the moment in that market.

We think that's going to stabilize over the next quarter, and then

we'll start to get into what's the new normal.For that

market. And we think it can be a real accelerator

for our sales.

Yeah, it's super interesting. One of the things that really stood

out in our earlier chat was just how much headroom you've got

at the manufacturing facilities.

I want to say it was about $200 million worth of revenue it can support.

Yeah, exactly.

So you could effectively double

your

capacity at-- oh, sorry, your production at this point.

Is there much

retooling or investment required for some of these new products, or is it all-

It's all-

... largely leveraged that existing infrastructure?

Yeah. It pretty much leverages the existing infrastructure.

So, we can certainly go to $200 million with what we've got.

And then a lot of the

core capacity is there now, and so scaling it up is

simple. It's really adding additional equipment.

By our rough calculations, if we spend

another $10 million, we can bring on another $100 million in

capacity. So they're relatively modest investments now

to keep on extending our ability to manufacture.

Gosh, that's huge.

But the area that you are bulking up.

So, one of the things when I look at the discussion on Straw Man, I think obviously people have paid attention to the profitability,

the growth in the revenue-

Mm-hmm

... but it's that operating leverage.

You have-

Yeah

... scaled extremely well, and you're obviously at the

point now where it's like we need to spend.

We don't need to, but want to spend more. There's an opportunity to spend more.

Yes. Yeah.

And-

Yeah

... this is the eternal

dilemma, right? It's sort of like obviously you do that, the costs go up.

Yeah.

And people are just like, in this space, it's a

not uncommon kind of thing where it's sort of like you continue to see

really good growth at the top line, but it doesn't, at least not for a

while, materialize as much at the bottom line because the costs just in--

not only-

Yeah

... keep up with the top line growth, but sometimes exceed it.

Yep.

I'm not suggesting for a second that that shouldn't be the case because you've got

to look at things in terms of a total sort of life cycle of things.

So it is a terrible preamble, but what I'm really getting with here is,

tell us about the rationale of bulking up the sales team and perhaps

how you sort of see that

playing out from a return on investment kind of standpoint.

Yeah. So,

exactly as you say, we're making

some additional investments in the coming year to support the

growth of the business, and there's two areas where we're doing that.

So we're spending an additional $9 million.

And so

$5 million of that is going into our

Myriad and $4 million into Symphony.

So Myriad's the existing business.

We've now got some proof points that that's going really well and

we want to continue to make sure that grows strongly.

So, a couple of things that we're doing there.

So,

we're

adding to the leadership strength of our-

Yeah

... commercial organization. So we've brought on a

manager for our US commercial operations,

and we also are bringing on a chief commercial

officer as well. So that's really to just help

provide more capability. We've also split the country into two

halves, and we've taken what was six regions and

broken it up into nine regions. Again, just adding

more manager capability to support our field team.

What we've seen, sort of coming back to one of the things that we talked about

earlier, we've seen that if we

have a little bit

more management oversight of our sales team, we get better productivity

and we get them focused in the right places and supported in the
right way. So, we've added that
additional management. That's sort of a one-off
investment. So making that investment now,
it's a fixed cost going forward, but it gives us that
capability will now extend through to what we're going to need at
100, 120 people.

Mm-hmm.

So, we think that's an important time to make that investment.
There's a investment there in additional sales reps as well.
So, we'll add 10 to 15 additional salespeople-

Mm-hmm

... in the coming year in Myriad. And again, just building on the fact that we've
had success and we really want to keep building that runway going
forward.

Mm-hmm.

So that's Myriad. On the
Symphony side, Symphony is a new opportunity for us.
The way we're pursuing that is we're asking our
inpatient sales team to spend a small amount of their time in
the outpatient department in the hospitals that they're already in.
So, a little bit of redirection of time there.
To be in that market, there's
some additional infrastructure that we need.
So,
they need reimbursement support.

Mm-hmm.

So what tends to happen when these products get used is they want
verification of the patient's insurance

eligibility for using these products, and that's a service typically provided
by companies. So we've had to put that in place as part of the
Symphony market as well.
If you're outside of the hospital, which we will be
with our distributors, then
there's more customer service, there's more distribution, and you're
distributing to lots of smaller entities.
So, we have to be able to support that, so we're making an investment in that.
So it's all kind of capability across the
company.
The $4 million for Symphony, we see
a window of opportunity in that
market for a period of time while everything resets.
Mm-hmm.
We are choosing to make that investment now while that opportunity
exists, and so we can capitalize on it.
So I think both of them are good investments and I think they're certainly going to
help us continue to scale up.
Yeah.
Yes. No, it makes perfect sense. So just to quantify it all, so
over the coming years, you're effectively roughly doubling the sales
team.
Yeah. Well, we're at 50 now, so we'll go to 65
this time next year.
Mm-hmm.
60, 65. And then, look, we probably will be
adding
somewhere between 10 and 20 people a year.

We want to get to 100 to 120.

Mm-hmm.

But we think we can do that

and remain profitable,

and get good top-line growth and have that EBITDA

increasing year on year. This year,

our guidance is sort of flattish-

Mm

... because of that additional investment.

But it should continue to then expand over time.

I mean, it's pretty disciplined, really.

The

temptation would be raise a bunch of capital, right?

Particularly when there's a bit of

wind in the sails and things are strong.

But you've got a really strong balance sheet as well, so I suspect you

could... I'm not advocating for this, but just really trying to sort of flesh out

the thinking that you could-

Yeah

... you could go harder if you wanted to.

Is it more a case of just slowly, slowly-

Yeah. I think so.

Yeah.

Look, we could go harder, no doubt.

But I think what we've seen

typically is people get rewarded for top-line growth and growth in EBITDA.

Mm-hmm.

And I think

the Symphony opportunity, I think proving that out a little bit more before we invest too-- We want to have a decent crack at it

this year, we'd also like to see some proof points, and then kind of continue to

build on that. I think we're more confident now on the Myriad side, and I think

that investment there

helps us kind of keep that growth trajectory.

But we're trying to do this in a balanced way.

And part of that's about

learning as we go, but also

not getting too over our skis and then it all kind of going

sideways.

It's a good policy, right? It's easier to

ramp up than to wind back, so.

Yeah. That's it.

Just quickly, before... I've got to get to

some viewer questions here because they've got far better questions than I do.

But is part of the Symphony strategy,

talking of being strategic, is that in the pricing?

I suspect you

could potentially charge more for it, but given the

timeliness of the opportunity, is part of it just really not trying to sort of push

the pricing power at this point?

Yeah. I think there's going to be a price

point that the major companies, two

or three companies, are going to be at that have got good clinical evidence, and I

think we're around that price. So I don't think we're

not going to be substantially off that.

I think there's

a broad

range of things that people take into account there.

So I think the clinical data is important.

The

economics of it from a pricing perspective.

Some of the other services that you wrap around it are important as well.

Mm-hmm.

So, how

the reimbursement system works, the ease of use of that.

Mm.

How inventory works for the centers as

well. So there's a bunch of things that kind of come into the whole kind of

rolled-up value proposition for those clinics.

I think we've probably answered this question, but I just want to make sure I'm

complete, so if there's nothing left to say, there's nothing left to say.

But a good one from Michael here. Myriad grew 39% and then

54% back-to-back years.

Yep.

Sales headcount was flat there.

Mm-hmm.

Why is now the right time to add 10 to 15 reps?

I think you've kind of sort of said that.

Mm-hmm.

Increasing the cost base by $9 million a year.

Anything you'd add there? I don't want to force the issue.

I feel you have answered it, but just as I say, I want to be complete with

everything.

Yeah. I think that's it. I think now is the right time to add it

because we've

demonstrated success with it, and we have a lot of confidence.

Certainly, the data that we have clinically,

we feel is second to none.

Mm.

The data's stunning. So I think, yeah, we're in a good place for that.

If you could wave a wand, Brian-

Mm-hmm

... and just sort of replicate the team that you have there now, and they're

obviously doing really well, got a lot of momentum.

The challenge with new people are you

don't know, right? They've got to find their feet.

Everyone has sort of different capabilities.

Mm-hmm.

But does it feel as though if you could wave a wand and just

clone the team that's there at the moment, you really could just get pound for

pound the same kind of punch that you get at the moment?

Or is it like you've really focused on the lower-hanging fruit, I suppose, and the

upside is sort of...

It's not the right way of phrasing, but will incrementally diminish the further you

go out, or is it just a lot of blue water out there?

Yeah. It's interesting. I think there's a couple of things.

I think from an opportunity perspective, I feel like we're just scratching the

surface-

Right

... and we're getting going there and really understanding that.

So I feel like there's a lot of upside there.

From a team perspective, I think

it's what you typically see with sales teams.

So we've got some very top performers, we've got some mid-range people, and some people that are still to get there.

And I think

we're getting better at being able to get

performance from the team and give them the

right capabilities, the training, the targeting,

the messaging to be effective. So I feel like that

is getting better.... with time, and so that lifts the overall

performance of the team.

Mm-hmm.

We've seen

which, the profile, I

guess, of the hospitals, the surgeons, where we're going to succeed.

I think we understand that a lot better.

So I think there's a bunch of things that lead us to

being able to improve that sales productivity and have that

more repeatable as we add people into the company as well.

So I think in a way it gets a little bit simpler because you've

distilled it down to what matters, and you can

replicate that.

Yeah.

So yeah, I feel like there's more discipline that comes over time

that gives you more leverage.

Yeah. Makes sense. Another one here.

The market is clearly not recognizing growth companies unless they achieve

disciplined, profitable growth.

How is the board considering resource allocation between new opportunities

and building on the hard-won positive profit and free cash flow

outcomes? Again, it's one of those eternal dilemmas, isn't it?

Is it maximize money now or invest for more money later on?

Yeah.

We've touched on it, but yeah. Anything else you'd-

One of the things that we've

decided to do this year, and that's $9 million is a big investment.

Mm.

So

things that are working for us now, and so back priority it and do

more of that. With Symphony, we look at Symphony and think, this is

an opportunity with limited timeframe and it's a big

market and we want to be in it, so let's back that.

But then if you look at other things across the business, so with

our investment in R&D is flat.

Oh, yes.

That's declining. That's declining as a percentage of total sales.

Mm.

We

have a substantial development program that we've been working on with

Anivo.

We require a clinical study for that now.

We've decided to just pause that for this year

because we'd rather put the money into

the commercial opportunities than put it into Anivo.

Now, Anivo we think is a fantastic opportunity for us in the

future, but we can't do everything.

So,

sales is really the thing that moves the dial.

So, making sure that we're really driving that top line

and that helps us on the bottom line as well.

Yeah. Plus, you

can be the master of your own domain a little bit more with, earlier

stage companies in this space, the share price is

something that it's hard to not think about because it is

a measure of the cost of capital.

Yeah.

But you got 27 odd million dollars in the bank at the moment generating

free cash flow, so it feels like...

I'm not saying forget about the share price, mind you, but I'm also saying, well,

you don't have to think about it too much as well, which must be a nice thing.

Yeah, it's true. But I mean, we have got investors as well, and they

want to see the price appreciate over time.

Everyone's got different timelines.

So, I think it's been a super tough market over the last

three or four years. But,

I feel like inside the company, operationally, the company's

performing well.

Yeah.

And,

at some stage,

hopefully not too far in the distant future

the share price corrects itself and ends up in the place we think it

should be.

The trouble with that is, Brian, is it's never enough.

You know that, though, right?

I do.

You give investors a little, like, "We wouldn't mind another double or a triple."

That never goes astray.

That's it. Yeah.

But it is what it is. Let's go to another one.

Aroha has historically been laser-focused on the US, but this appears to be changing given the appointment of a COO and growing distribution partnerships internationally.

Mm-hmm.

How are you evaluating and prioritizing which markets to put more effort into, and what milestones should we watch out for?

Yeah, good question.

So, we've been in some international markets for some time, so we've got approvals, I think it's now over 50 countries, and we've got 20 or so distributors.

So we're starting to see some success in some of those markets,

and so

we've been, to an extent, opportunistic about how this has developed, and we've had one person focused on international business.

I think now putting some more focus into some key markets where we're beginning to see success will pay off. And so, in Europe, particularly in the UK, we've seen some good success there.

Mm.

Germany, Austria, Switzerland, seeing some success.

India, we've had some success in India last year.

We had a big order come through from there.

We've been successful in a particular area there, so we're going to build on that.

Canada, our Canadian business has gone well as well.

So I think

rather than looking at all of those

20 or so companies and

doing the same things, we're saying, okay, now there's three or four things here

that are really starting to show some promise.

Mm.

And so how can we accelerate what's happening in those countries?

Yep.

Another one here from Michael. You've talked about

improving rep-- Actually, we probably touched on this, but again, let's put it to

you.

Mm-hmm.

We've talked about improving rep productivity and faster ramp-up times.

Mm.

What have you learned in the last few years that gives you confidence that new reps

will get up to speed faster than previous cohorts?

I think we probably answered that.

I think we talked, yeah.

Yep.

Yeah.

Okay.

Yeah.

Telebio continues in a precarious situation, so $40 million in

cash, and they're burning about-

Yep

... $10 mil a quarter.

Do you have contingency plans if this partner becomes a bit of a cash-constrained

operation and unable to drive the Ovateq sales-

Yeah

... in its territories? Second part here.

EU, UK progress, plus US competitor behavior indicate that the product is good.

Yes. So that's absolutely right. So,

Tella Bio has been great for us in terms of helping us

build the business. And

if you look at the quality of the data for the

Overtex products, it's

very strong and particularly when you compare it with the other offerings out

there. They've had headwinds in the US where

as their volumes have exceeded

20% of what's been used in accounts, then

one large player has contracted for 80% of volume in a

lot of these accounts. So it's kind of been a cap on their growth rate.

And so,

they're not

cash flow positive yet, and so they've been burning money

as they've tried to deal with this issue.

So, as the question said, they have had cash

issues. And the way we think about it, there's a couple of scenarios that could

play out here. So, the first thing is that we'd like to

see Tella successful. And so Tella has

had a good history of being able to raise capital to

fund their way through

various situations that they've faced.

So, we still think that's the case.

And I think one important signal very recently is

they've had some changes in the board there.

Directors that

kind of represent some of their key shareholders have come onto the board

and some of their-- They've got top-tier healthcare investors
invested in that company. So I think that's a really positive signal that they
see promise in this company, they see promise in this
technology. And they're going to continue to back the
company. If you think about
other scenarios, then a scenario could be that
Tella doesn't find its way through this.
And I think if that's the case, then this is a very valuable
asset now in someone's hand. And I think
there's a number of players that could be interested in that.
There's certainly other large big techs out there that this would fit nicely into
their portfolio.
So, there's an option there. Potentially, if there was an
opportunity that
worked for Aroa, I think we would potentially have interest there as well.
So,
there's a number of things that could play out here.
See that as a product range that
doesn't end up continuing to sell.
It just will depend on how that sells in the
future.
Mm-hmm.
My Slido has just decided to log me out.
Bear with me for a second.
I wonder why it does that.
While that's loading back up, Brian, so the
other que-- Actually, here it is. It's come back.
Tella Bio.
Okay. You set out the opportunity for Symphony in

DFU/VLU-

Yes

...

diabetic foot ulcer and

venous leg ulcer?

Venous leg ulcers, yeah.

Thank you. I hope I butchered that.

Due to changes in the outpatient skin substitute market, citing the

RCT results and low cost as differentiating your product,

what other enablers are needed to realize the revenue

potential? For example, a more specific indication on the PMA.

Yeah. So,

at the moment,

all products are paid through the same

mechanism at that flat $127.

What may change, and I think this is still to be

confirmed by CMS. One thing they have proposed is

that they may pay

different levels, would make different payments depending on the

regulatory pathway that a product was cleared by.

And what I mean by that is some

regulatory pathways are more straightforward and are not as onerous as

others. And so at the bottom level, the human tissue products

are

very low

bar to cross. 510 's a little bit harder.

PMA's harder than that because you need more clinical evidence.

So

CMS has said that they are considering paying those at different
levels. So we're mid-tier at the moment with a 510 .
Now,
we're sort of looking forward to what happens in July.
I think if this is going to happen, we may see
that published the middle of July and CMS
indicate that they're going down this
route. And so
Aroa is in the position that we could probably
pursue a PMA with Symphony.
And so
in order to get a
PMA, you really need to show that you've got the clinical evidence
to
allow a different claim set. And so the
RCT that we have in place now, the data in
there is very solid. So we think that potentially
provides
the support that we need for a PMA. I think there's going to be a decision
there on
what's that incremental opportunity versus what's the cost of going through the
process and the timeframe and stuff like that.
So I think for that one, we really wait until July,
August in terms of making a decision around that.
And I think also calibrate that around
the likelihood of those changes being confirmed and going through.
Yep. Makes sense.
Pardon me.Here's a general one. What are the top, let's say, the top
current and/or emerging external threats to the business, and how are you

mitigating these?

Yeah, that's a good question.

I think we're in a kind of a slightly crazy world.

Yes.

There's lots of externalities that are slightly unpredictable.

So I think that's something that we're just not

sure how some of these things change around.

So I mean, if you think about tariffs, tariffs have

been in place for some time now.

At the levels that they're at,

they haven't been a big headwind for us.

I mean, it's frustrating, but that would be additional profit, but

we can live with that.

Yeah.

They could go higher, and that would still be okay.

But who knows where that

ends? I think that's probably one.

I think

from a sort of environment, I think the

Aurora kind of product suite, if you like, I think is kind of in the sweet

spot a little bit, in that there's a lot of pressure in

the US and actually around the world to manage the cost of

healthcare and improve outcomes, but be able to do

it and

make it increasingly affordable.

And so I think

we're not

a company that's bringing

new technology to the market and continuing to stretch the
budgets of hospitals. We're bringing new technology that
actually is helping hospitals, both financially and
operationally. So I think we're in a good place, and I don't
see that as being something that changes over the
foreseeable future. So, I think the net of it is,
economically,
we're in a good place with how the world's evolving.

Yeah.

Look, it's one of those things. I always think, too, it's endlessly fascinating,
all of that stuff, but no one can see around a corner, and as soon as
one sort of risk feels like it's fading, a new one will emerge, and it's
just-

Yeah

... it's all part of the fun, right?

So-

Yeah.

... what can you do? Well, actually, what can you do is you
can remain resolutely focused on the business and
building a resilient business as well as
one that is growing. And it sort of sounds a bit Buffett-esque and simple,
but-

Yeah. I think, as we talked about earlier, I think
diversification internationally helps-

Yep

... a little bit, too. So,
I think putting a bit more focus on Europe, being able to
have a more diversified revenue base is going to help us over time as well.

Yeah. Nice.

Gosh, we're getting to the end of it here. Let's see.

I'll go to the second part of this question because I think we've touched on the

first, but it's really asking about how you think about the competition for

capital internally and how you assess which product

families get the love, I suppose.

Yeah. So I mean, it's kind of return on investment, really.

It's where we think the growth opportunities, where's the

market moving, and then how do we kind of align our investment around that.

So, we have a pretty structured

evaluation process for

where we invest our money, and so we've got to

see that that investment over the next

five to 10 years

makes sense. I think when we're thinking about, and

there's obviously trying to manage a lot of competing interests, but

sales, commercial side of our business is super important, building

that. We've got to be able to support it from a manufacturing perspective.

There's lead time kind of considerations with that.

I think from a product development perspective, having a balanced

portfolio of opportunities there.

So,

some things that

are near term, highly certain in terms of how you can

build out the portfolio of that, and then some longer term,

less uncertain, but high reward opportunities as well.

So, we want to

have the right risk sort of reward payoff there, so

making sure that's balanced in a way that kind of aligns with what shareholders expect from us.

Yeah.

There's a puzzle there to kind of pull together.

But I think you've got to back the things

that are working for you,

but also make sure that there's a good pipeline for the future as

well.

Yeah. I mean, that's exactly it. And I always tend to...

I'm more and more firm in this view.

I think it's actually good to sort of see companies,

fail is too strong a word, but, "Here's a good idea. We're going to go for it.

Oh, it didn't work out as we expected." And the market tends to be a little bit

unforgiving on that. But I would argue that

some of these higher return opportunities, as you say, are higher risk, right?

Yeah.

Business is a process of experimentation.

You and the team and the board can strategize and rationalize till the cows come

home, but until you do it, you don't know, right?

Yeah.

And I, for one, am far more forgiving of...

I think where

criticism is more fair is where a company will

throw the kitchen sink on

an idea that they feel has merit, and then doesn't work out, and then it's

like, "Oh, gosh. We bet the farm on that."

Yeah.

But little baby steps in certain directions, I'm

very supportive of that, even if they don't work out.

Because some of the time, the only way to know if they're going to work out is to kind of try it. If you know what I mean.

It's a shots on goal thing, isn't it?

Yes.

It's shots on goal. Unless you take some shots on goal, you're not going to get there. But like you say, you don't bet the farm on it.

And

set yourself up so you get some proof points along the way, so then you can kind of put more and more into those things that are working.

Yeah, and that's it. When they work, just keep going.

Mm.

Keep going.

Oh, look, one just came in. Why is there a need for 100 to 220 salespeople over time? Is there a natural limit to the amount of revenue one salesperson can service? Is it just a reflection of the size of the opportunity? Or yeah, why that particular number, I guess, is the question.

Yeah. It's really about

just coverage and footprint. So, having

enough sales reps

to--all market.

So,

it's

really geography. I think

from a

sales person, typically,

that's a million to $1.5 million per person

is where you'd target that. Now, there's ways

to

increase that productivity, obviously, is if you add products to the portfolio, so that same sales rep can sell additional

products.

Mm-hmm.

And you go into the same site of care. You can increase that number.

But, I think typically that's a pretty fair

representation for

a company that's building a footprint for surgical sales in

hospitals in the US.

Slido's logged me out again. I've probably got some VPN setting on the- I think we

pretty much did it anyway, Brian.

Gosh, it's such an interesting time for the company and just quietly, it's been

refreshing to have a conversation and not talk about AI.

Yeah.

Which-

I know, I feel that, yeah.

You know?

Gosh. Everything's AI, isn't it? Yeah.

Well, it's understandable, I guess.

Mm-hmm.

But there are other things and so-

Mm-hmm

... it is nice to have a change of pace.

But

I always ask this of all our guests, what didn't I ask you that you wish I

had asked you?

Yeah. I think

it's a good question, actually.

What would I say? I-

Or emphasize, perhaps, more but-

Well, I think maybe, I think why would people invest in

Aroa is probably a good question.

Yeah.

And I think

what we're seeing now is the fruits of a lot of work over the last four or

five years, and a lot of the fundamentals

for the company come together. So, I think

the

maturation of the sales team, like I said, I think we've got a good portfolio.

We've got the clinical evidence there-

Mm

... to support the products. I think, we're at a scale

now where we're

growing strongly. We're profitable, we're cash flow positive.

So, I feel like we're really

in a different place to where we've been over the last couple of years,

and I think there's an exciting growth trajectory

ahead of us.

Yeah. It's always such a great point to cross

that inflection point into profitability and it really

just changes the footing of so much.

Actually, I'll sneak one more in, Brian.

As you get larger and

more successful, you'll have more interest from analysts and fund

managers and stakeholders and the rest of it, and so you've got to go on

these kinds of events, right? And you- ...

and you're being asked the same bloody thing all the time.

What are the question or questions that you get that are pretty common, but to your mind, it really just

missed the mark? And not to be critical or throw shade necessarily.

A lot of questions sort of at a first-level thinking perspective make sense,

but to your mind, it's kind of like, "Guys, you're missing the point here." Or it's

off, but yes, it's a thing, but it's not really that big a thing.

Are there any

questions like that?

Yeah. I think one of the things, and I think there's been some legitimacy

to this over

the past for a point in time, but I think one of the

comments that we've had is,

people look at the Overtex business as kind of being binary in a way-

Mm-hmm

... the TELA business. So, TELA not being able to find its way through,

and therefore that being,

there's revenue that goes away. I think

that it's not that black and white, and I

think, and increasingly, a couple of things have happened.

So, one is that they're becoming a much smaller part of our overall revenue mix.

So, it's less material on our side.

But also, I think that despite the challenges

that TELA has had, the product is exceptional.

Mm.

And in the end-

Yeah

... despite the headwinds that they've got at the moment, that's just timing, and I

think those headwinds will be overcome.

So, we're very

optimistic about sales for Overtex.

We recognize there's a challenge at the moment, but
we can see our way through that and we think that
if
there's
some sort of disruption there, that will be for a relatively short period
of time and there's a way through that
situation.
Yeah. That was definitely an interesting thing,
and as you say, this is true of any business, really.
It's just, again, so simplistic as to be overlooked too often.
It's a lot.
It's just good product quality counts for a lot, right?
It does. It's everything.
If you get that right, everything else-
Yeah
... sort of falls into line after that.
So-
Yeah
... gosh, Brian, I'm so glad we were able to make this happen.
Again, I really do appreciate your time.
Again, I know it's a bit hackney, but congratulations.
It is a big milestone, and it is definitely worth celebrating.
Very few companies make it to that level, and so it is very
noteworthy, and I guess all I'll say is just remember us when you are a
$100 billion company.
Oh, well, thank you. Hey, it's been really fun.
I've enjoyed chatting, and it's good to catch up again. Thank you.
Thank you so much.

Okay.

Cheers.

Thanks, Andrew.

Bye-bye.

Cheers. Bye-bye