

22 November 2022

By Electronic Lodgement

Market Announcements Office
ASX Ltd
20 Bridge Street
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Equity raise to accelerate global growth ambitions

Key highlights and equity raise

- PolyNovo continues to experience strong growth supported by significant demand for NovoSorb BTM which led to a record September quarter with revenue for September and October in excess of A\$5m
- Strong trading momentum has continued into November
- PolyNovo is profitable in the key US market and is now looking to invest in and accelerate multiple new growth opportunities and a 5X increase in production capacity
- The Company has a tangible growth pipeline across four main vectors of growth which include geographical and sales team expansion, new indications for NovoSorb, new products and capacity expansion
- To capitalise on recent momentum and support global growth, PolyNovo is launching a non-underwritten institutional placement (**Placement**) of A\$30 million¹ to accelerate growth in the US and the rest of the world, including the newest markets in Canada, India and Hong Kong
- This will also include the construction of a new manufacturing and R&D facility, next to the existing factory, to satisfy the significant increase in demand for NovoSorb
- PolyNovo Directors, including Chairman David Williams, intend to participate in the Offer through a conditional Placement, committing A\$3.0m. Director participation is subject to shareholder approval at an EGM expected to be held in January 2023
- Eligible retail shareholders will have the opportunity to apply for up to A\$30,000 of new shares in a non-underwritten share purchase plan (**SPP**) of up to A\$17m.² PolyNovo will endeavour to protect Eligible Shareholder pro-rata, while retaining the ability to scale back applications should it receive demand above the SPP cap or to issue a higher amount, at its absolute discretion
- Taking into account the costs associated with delivering this growth, management expect PolyNovo will be profitable in FY24F

¹ Maximum target Institutional Placement size. PolyNovo retains absolute flexibility with regard to the final Institutional Placement size and may upsize or downsize final allocations to successful eligible participants.

² Eligible shareholders are registered PolyNovo shareholders, as at 7.00pm (AEDT) on Monday, 21 November 2022 who have a registered address in Australia or New Zealand, do not hold PolyNovo shares on behalf of a person who resides outside Australia or New Zealand and are not in the United States or acting for the account or benefit of any person in the United States.

Rationale for equity raise

As PolyNovo experiences strong revenue growth, with a record September quarter, up 73% on the prior corresponding period, the company has continued to invest in its sales and marketing capabilities to support further growth, and expects to add a further 40 staff across the US in FY23F (an increase of 45%). PolyNovo are simultaneously launching into India, Hong Kong and Canada with first sales expected in CY22.

In response to significant and growing demand for NovoSorb BTM, Polynovo has decided to accelerate its global growth ambitions by launching a A\$30m Placement.

PolyNovo Chairman David Williams commented:

“PolyNovo is clearly at an exciting inflection point having achieved a significant number of milestones, including our first \$5m revenue month in September and establishment of operations in Canada, Hong Kong and India. Our US business continues to grow rapidly and is profitable. We are incredibly excited about the journey ahead and have high conviction that now is the right time to accelerate our global growth ambitions to capitalise on our strong recent momentum. The equity raise will enable geographic expansion as well as the development of a new co-located manufacturing, R&D and office facility and are an important steps in long-term growth for PolyNovo.”

PolyNovo Chief Executive Officer Swami Raote commented:

“In my four months at PolyNovo I have been extremely pleased to be part of the journey as we positively impact patient outcomes across the world. I have appreciated the opportunity to spend time meeting our talented staff and connect with our customers to understand how they use the products, and have been particularly delighted to see surgeons use NovoSorb in ways we hadn't initially anticipated. In my time at PolyNovo, I have seen first hand the immense growth opportunities available to capture and further our global impact, and this equity raising will ensure we have the financial flexibility to execute and accelerate our strategy. The new manufacturing plant will significantly increase our scale and efficiency and the increased R&D capability will dramatically improve our ability to bring new products to market.”

Accelerating PolyNovo's growth ambitions

PolyNovo is well placed to achieve significant growth in the near-term with four key vectors driving execution of the growth plan:

- **Geographic and sales team expansion:** Ongoing growth in core markets, including continued expansion in US presence with 54% increase in US staff over FY23F while simultaneously entering Canada, Hong Kong and India, with revenue expected from CY22. Exploratory steps have been taken to facilitate entry into China and Japan – the global #2 and #3 medical device markets
- **New indications for NovoSorb:** NovoSorb BTM is already a leader in third degree burns in Australia and on a steep growth curve in US burns. There is a significant opportunity to increase TAM through access to new markets with existing products. Surgeon led insights and innovation are driving PolyNovo to work with clinicians and regulators for new indications and applications
- **New products:** Investing in R&D capabilities to support new product ranges as well as up-stream application and marketing, insight generation, biologic, pre-clinical sciences, process

and package engineering. Potential for alliances with global category leaders and academia for Clinical & Health-economics evidence. PolyNovo sees an opportunity to enter orthobiologics, breast reconstruction and fascia repair

- **Capacity expansion to satisfy growth:** PolyNovo will commence development of a new co-located facility with production, R&D and office facilities. The facility will be designed to support an additional A\$500m in revenue a focus on flexibility, modularity and automation. Total expected build cost of A\$25m, with spend predominantly incurred in FY24F

Institutional Placement

PolyNovo has today launched a Placement of approximately 15.8 million new fully paid ordinary shares (**New Shares**) to raise A\$30.0 million³ equivalent to 2.4% of the existing shares on issue.

The Placement will be conducted at a price of A\$1.90 per share representing a 9.1% discount to the last close on 21 November 2022 of A\$2.09 per share and a 10.5% discount to the 5-day VWAP of A\$2.12 per share.

Proceeds from the Placement will fund initiatives to accelerate global growth as well as the construction of a new co-located production, R&D and office facility in Port Melbourne.

New Shares issued under the Placement will rank equally with existing shares on issue. The Placement is within PolyNovo's placement capacity under ASX Listing Rule 7.1.

Concurrently with the Institutional Placement, PolyNovo will conduct a conditional Placement to certain Directors of PolyNovo (or entities associated with them) to raise ~A\$3.0m subject to shareholder approval at an EGM expected to be held in January 2023 (**Director Placement**).

Together, the Placement and Director Placement are the "**Equity Raising**" or the "**Offer**".⁴

New shares under the Equity Raising will rank equally with existing shares on issue. Up to ~17.4m New Shares to be issued under the Offer representing approximately 2.6% of issued capital.

The Placement and Director Placement will be conducted on Tuesday, 22 November 2022, with PolyNovo's shares to remain in a trading halt pending completion of the Placement and Director Placement.

Following completion of the Equity Raising, PolyNovo will have approximately \$28m in net cash.

Macquarie Capital (Australia) Limited and Bell Potter Securities Limited are acting as Joint Lead Managers and Bookrunners to the Placement.

Share Purchase Plan⁵

³ Maximum target Institutional Placement size. PolyNovo retains absolute flexibility with regard to the final Institutional Placement size and may upsize or downsize final allocations to successful eligible participants.

⁴ Up to ~17.4m New Shares to be issued under the Offer representing approximately 2.6% of issued capital

⁵ Eligible shareholders are registered PolyNovo shareholders, as at 7.00pm (AEDT) on 21 November 2022, who have a registered address in Australia or New Zealand, do not hold PolyNovo shares on

Following completion of the Placement Equity Raising, PolyNovo will also offer eligible shareholders the opportunity to acquire up to A\$30,000 in New Shares via a SPP to raise up to A\$17.0m. Eligible Shareholders on the register at 7:00pm (AEDT) on Monday, 21 November 2022 in Australia and New Zealand will be invited to subscribe for up to A\$30,000 of new shares free of any brokerage and transactions costs at the same price as the Institutional and Director Placement.

The SPP has been sized with the objective of enabling as many Eligible Shareholders as possible to apply for their pro rata share of the equity raising. If the SPP is oversubscribed, applications will be scaled on a pro rata basis having regard to the applicants' existing shareholdings (or, in the case of an application made by a custodian, the relevant beneficial owner(s) named in the schedule submitted) at 7:00pm AEDT on the Record Date (Monday, 21 November 2022).

The terms, including the timetable, of the SPP will be set out in the SPP booklet, which will be lodged with the ASX and sent to shareholders in due course. The New Shares offered under the SPP will rank equally with existing PolyNovo shares on issue.

Indicative timetable

The timetable below is indicative only and subject to change. PolyNovo reserves the right to alter the below dates at its full discretion and without prior notice, subject to the relevant ASX Listing Rules.

| Key Event | Date ¹ |
|---|----------------------------------|
| Record Date for Eligibility to participate in SPP | Monday, 21 November 2022 |
| Trading Halt and announcement of Equity Raising | Tuesday, 22 November 2022 |
| Announcement of completion of Institutional Placement and trading halt lifted | Wednesday, 23 November 2022 |
| Despatch of Notice of Meeting | Wednesday, 23 November 2022 |
| Settlement of Institutional Placement Shares | Monday, 28 November 2022 |
| Despatch SPP offer documents | Tuesday, 29 November 2022 |
| Allotment of Institutional Placement Shares | Tuesday, 29 November 2022 |
| SPP Opening Date | Wednesday, 30 November 2022 |
| SPP Closing Date | Tuesday, 13 December 2022 |
| Announcement of SPP Participation Results | Friday, 16 December 2022 |
| Issue of New Shares under SPP | Tuesday, 20 December 2022 |
| Trading of New Shares issued under SPP | Wednesday, 21 December 2022 |

behalf of a person who resides outside Australia or New Zealand and are not in the United States or acting for the account or benefit of any person in the United States.

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|---|-------------------|
| Shareholder Meeting to approve Director Placement | Late January 2023 |
| Settlement of Director Placement | Late January 2023 |
| Allotment of Director Placement | Late January 2023 |

Further details of the offer are set out in the Investor Presentation provided to the ASX on Tuesday, 22 November 2022. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the offer. This presentation can be accessed on the ASX website at <https://www2.asx.com.au/markets/trade-our-cash-market/announcements.pnv>

Nothing in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate professional advice before making an investment decision.

Authorised by:

Jan-Marcel Gielen

Chief Financial Officer and Company Secretary

IMPORTANT NOTICES

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares to be offered and sold in the Placement and the Director Placement have not been, and will not be, registered under the United States Securities Act of 1933 ('U.S. Securities Act'), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States, unless they have been registered under the U.S. Securities Act, or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The announcement may contain certain 'forward-looking statements' including statements regarding PNV's intent, belief or current expectations with respect to PNV's business and operations, market conditions, results of operations, financial condition, and risk management practices. The words, 'likely', 'expect', 'aim', 'should', 'could', 'may', 'anticipate', 'predict', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements in this announcement include statements regarding the completion and timing of the Placement, the Director Placement and the SPP. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

JOINT LEAD MANAGERS DISCLAIMER

Macquarie Capital (Australia) Limited and Bell Potter Securities Limited ('the Joint Lead Managers'), together with their related bodies corporate, shareholders and affiliates, and each of their respective officers, directors, employees, affiliates, agents and advisers (each a 'Limited Party') have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this announcement and there is no statement in this announcement which is based on any statement made by the Joint Lead Managers or any other Limited Party. To the maximum extent permitted by law, the Joint Lead Managers and each other Limited Party expressly disclaim all liabilities (including for negligence) in respect of, and take no responsibility for, any part of this announcement, including as to the currency, accuracy, reliability or completeness of any information in this announcement.

Neither the Joint Lead Managers nor any other Limited Party makes any recommendation as to whether any potential investor should participate in the Placement. Further, neither the Joint Lead Managers nor any other Limited Party accepts any fiduciary obligations to or relationship with any investor or potential investor in connection with the Placement or otherwise, and by accessing this announcement each recipient expressly disclaims any such fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Placement and any other transaction or other matter arising in connection with this announcement. The Joint Lead Managers and other Limited Parties may have securities or associated derivatives as principal or agent. Such persons may receive fees or other benefits for engaging in these activities.

Determination of eligibility of investors for the purposes of the Placement and SPP is determined by reference to a number of matters, including legal requirements and the discretion of PolyNovo and the Joint Lead Managers. To the maximum extent permitted by law, PolyNovo and the Joint Lead Managers each disclaim any liability in respect of the exercise of that discretion or otherwise. The Joint Lead Managers may rely on information provided by or on behalf of institutional investors in connection with managing, conducting or underwriting the Placement without having independently verified that information and the Joint Lead Managers do not assume responsibility for the accuracy or completeness of the information.