31 January 2022

ASX ANNOUNCEMENT

Q4 FY21 Activity Report and Appendix 4C

DECEMBER 2021 APPENDIX 4C

31 January 2022 - Tissue repair Limited (ASX TRP, TR or the Company) is pleased to update the market on its progress in the December 2021 quarter and attaches its Appendix 4C Quarterly Cashflow Report for the period.

Key Highlights

- The Company is well funded, with a cash position of $26.6m as of 31 December 2021.
- The Company believes it has the financial capacity to fulfil the objectives listed in the prospectus for its initial public offering (IPO) in November 2021, including commencing and completing its phase III clinical trial program for its lead wound drug candidate TR-987, as well as its secondary objective of initial commercialisation activities associated with its aesthetic gel product TR-Pro+.
- The Company has made robust operational progress in the short period since listing.

TR-987 Wound Drug Candidate

- Manufacturing – completed three pilot batch runs of its Active Pharmaceutical Ingredient (API) material. Production of pilot batch number three was completed in late January 2022 and is undergoing analysis. After this the Company intends to progress to commercial scale engineering batch production.
- The Company has appointed a Toxicology and Safety (Tox) advisory team based in the US and Australia. During the March 2022 quarter, in consultation with the Tox advisors, the Company will approach the US FDA requesting a Type C meeting to seek feedback on the intended toxicology and safety program, and other matters related to its proposed Phase III clinical trial program. The meeting is in addition to the formal end of Phase II meeting and Phase III trial approval request planned for later in the year.
- The Company has appointed its final analytical partners to undertake validation of the suite of its analytical methods. Once the first engineering production run is complete, validation work on each test will commence. These partners include Avomeen, Sequens and The University of Georgia Complex Carbohydrate Research Centre.
- The Company is in the latter stages of selecting a Contract Manufacturing Organisation (CMO) and supplier of specialised equipment for the gel product needed for Phase III clinical supplies and ongoing commercial manufacture.

Aesthetic Commercialisation (TR Pro+)

- The Company completed its independent market research report for TR Pro+ consisting of 14 one-on-one interviews and a 57-respondent online survey with dermatologists, plastic surgeons, clinicians and other healthcare professionals. The outcome of the research was very positive:
    - 86% of respondents considered the product concept to be appealing. The researchers advised that this response was extremely positive when benchmarked against similar treatment options.
    - 96% of respondents indicated that out of 16 cosmetic treatments, a strict recovery program was most important for laser treatments and dermabrasion which aligns closely to our clinical data and provides a strong rationale to use TRPro+.
    - 82% of Dermatologists would like the product to be available from their clinics as a treatment option.
- The Company has engaged Hahn Pharma to commence recruiting some 15-20 clinicians in a real-world evidence study (ie: product familiarisation program). This work is expected to commence during the current quarter.
- The Company is in the process of finalising a small production run of TR Pro+.

Summary of Current Work Streams and Next Quarter Activities

Milestone	Status	Completion Timing (Calendar year)	Success
TR-987 Wound Drug			
Manufacturing Stage 1	Completed (awaiting analysis of batch 3)	Q1 2022	**YES**
Manufacturing Stage 2	Yet to commence	Q1 2022 (Subject to securing specialised manufacturing equipment in Q1)	
Manufacturing Stage 3	Yet to commence	TBA	
Analytics	Commenced in train	TBA	
Tox and Safety	Type C meeting request Feb 22	FDA advice in Q2 2022	
Phase III trial – Contract Research Organisation appointment process	Commenced	Q2/Q3 2022	
Broader Clinical Scientific Advisory Panel	Commenced	Q2/Q3 2022	
TR Pro+ (Aesthetics)			
Market research Report	Completed	Q4 2021	**YES**
First Production Run	Commencing CMO Search and appointment	Q2 2022	
Product Familiarisation Program	Commencing	Q1 2022	

Corporate and Financial Summary

Tissue Repair listed on the ASX following an $22.0m Initial Public Offer (IPO) on 18 November 2021. Funds raised under the IPO will support the Company's commercialisation strategy, including undertaking a Phase III trial as well as commercialising our cosmeceutical product, TR Pro+.

The Company's cash position was $26.6million as of 31 December 2021. During the December 2021 quarter total cash operating outflows were approximately $959,000, largely attributed to one-off corporate expenses in relation to the IPO.
Prior to the IPO the Company had raised $7.5million via a convertible note in April 2021 (pre-IPO).

A summary of the operating cash flow for the period ending 31 December 2021 compared with the proposed use of funds in the Company's Prospectus dated 7 October 2021 is shown below:

	Use of Funds under Prospectus	**Actual use of funds for the period ending 31 Dec 2021**
Working capital and overheads[1]	300,000[1]	864,000[1]
Offer costs	2,300,000	1,821,000
Development of Chronic Wound Drug	3,700,000	5,000
Phase III Clinical Trials	13,600,000	-
Commercialisation of Aesthetic Product	2,100,000	91,000
Total	**22,000,000**	**2,781,000**

[1]The Company raised $7.5million via a convertible note in April 2021 (pre-IPO) which had been allocated to fund a significant portion of the working capital and overheads of the Company. The working capital and overhead cash outflows are broadly in line with the forecast budget. The Company believes the working capital outflows are consistent with the requirements for an ASX listed biotech Company of its size

The Company expects future favourable variances of the R&D Tax incentive inflows for FY2020 – FY2023 which were not included in the use of funds statement in the Prospectus.

The estimated R&D tax incentive refunds (not included in the 31 December 2021 cash balance) will further extend the runway and assist with executing the Company's strategic objectives.

During the period ending 31 December 2021, overall spend was lower than estimated in the use of funds as set out in the Prospectus largely due to timing differences associated with commissioning of key work streams including chemistry manufacturing and control (CMC) work for the Company's drug candidate TR-987, and development work streams associated with commercialisation of TR-Pro+. The Company anticipates cash outflows in future quarters will increase in line with the acceleration of the chronic wound drug clinical program, and commercialisation of the aesthetic product.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in items 6.1 of the Appendix 4C were $95,000. This includes payments for remuneration of director fees to executive and non-executive directors in the normal course of business at commercial rates, excluding reimbursements of out-of-pocket expenses. It also includes an amount paid to Non-Executive Director, Craig Stamp to provide consulting services prior to and in connection with the IPO as outlined at item 6.4 of the Prospectus and an amount paid to Tony Charara for his services as an Executive Director prior to IPO.

KEY OPERATIONAL UPDATES

1. TR-987 DRUG DEVELOPMENT

1.1 Manufacturing Update

The Company's aim is to produce commercial Grade GMP quality API by mid-2022, in this respect the Company is progressing with the following stages

- Stage 1 Process development - Production of three pilot batches of API. (**Completed)**
- Stage 2 Engineering – Production of three engineering Batches of API at commercial scale. **(Late Q1 subject to securing key specialised manufacturing equipment in Q1)**
- Stage 3 GMP – Production of GMP grade material for phase III clinical supplies and appointment of a commercial manufacturer. **(Mid calendar 2022, subject to completion of stage 2)**

The goal is to establish a process that replicates the Glucoprime API molecule used in previous clinical trials conducted by Tissue Repair Ltd. To this end, a rigorous review of the proposed batch record, the completed batch record of the original API manufactured at NOVOGEN, and published literature regarding established methods for extraction of beta glucan from various source materials was performed. Part of the purpose of this was to prepare a new record and process that takes advantage of the improvements in process technology and analytics developed since the previous production run. Additionally, Jason Kavanagh and Professor Graham Kelly, who were participants in the early development of this extraction process, were consulted. Based on these reviews and consultations, a series of laboratory scale to commercial scale process development batches have been planned. The initial development batches are three laboratory scale batches using 300 grams of *Saccharomyces cerevisiae* yeast as the starting material. Commercial scale will use 30 kg of yeast.

The Company has completed stage 1 and has undertaken production of pilot batch #1 and pilot batch #2 and completed pilot batch #3 in early 2022.

1.2 Analytical Update

Significant development in optimizing the analytical methods were made for the characterisation of the API pilot batches prepared at the CMO. Analytical development activities focused on the methods pertaining to critical quality attributes such as ratio of side chains, linkage analysis, molecular weight determination, potency bioassay, qualitative impurity identification, beta glucan content, and total sugar content.

Upon availability of adequate sample materials from the engineering batch #1, focus will shift to the other key analytical methods development and characterisation such as residual solvents, distribution profile (particle size), quantification of potential degradation products and solid-state characterisation. All the analytical methods will be appropriately validated for intended use in Phase III clinical trials by using material from the engineering batch #1. Sterile API from the engineering batch #1 will also be used to develop and appropriately validate microbiological test methods such as endotoxin and sterility.

Pilot Batch #1 – Results: (SUCCESS)

FTIR (Fourier-transform infrared spectroscopy is a technique used to obtain an infrared spectrum of absorption or emission of a solid, liquid or gas), linkage analysis, molecular weight and beta glucan content were determined using the above methods. Because of the apparent changes in the physico-

chemical behavior (solubility) of the characterised material, further sample preparation procedures had to be undertaken analytical characterisation.

- Results were comparable to the original API and within the required specifications.
- 2D NMR (nuclear magnetic resonance) results did not show any potential unknown process impurities.

Pilot Batch #2 – Results: (SUCCESS)

FTIR, linkage analysis, molecular weight and beta glucan content were determined using the above developed analytical characterisation methods. Because of the apparent changes in the physico-chemical behavior (solubility) of the lyophilised material, further sample preparation procedures were optimised to solubilise the beta glucan for analytical characterisation

- Within the broad specification range and comparable to the original API however additional peaks were observed in the GPC (gel permeation chromatography) and 1H NMR analysis.
- Further characterisation studies revealed the presence of mannan polysaccharide impurity in the sample.
- The presence of this impurity impacted the beta glucan content and linkage analysis.
- The results appear to be in line with the process changes and deviations encountered during the manufacturing process.

Pilot Batch #3 - Results: (PRELIMINARY SUCCESS)

- Samples are currently being analysed with the full suite of tests, initial results from preliminary analysis in process suggests pilot batch #3 will be within specification of the previous API used in the clinical trial program.

1.5 Toxicology Update

The toxicology advisors have been briefed on the project and will develop a proposed toxicology program for TR-987. The initial meeting provided the background information around the work that has been completed to date and established the outcomes and priorities for future meetings.

The proposed toxicology program will be submitted to the FDA by way of a Type C meeting, with approval to be sought to undertake the toxicology testing concurrently with the Phase III trial.

With an estimated six-month wait to access laboratory animals, the Company believes the FDA may allow the Company to commence a Phase III trial concurrently with executing its toxicology program. The FDA has allowed the conduct of all historic five Phase II trials without this toxicology work in place.

The Type C meeting will also provide confirmation on some other key matters regarding the proposed Phase III clinical program. Given that the product is for acute topical treatment of VLU's and predominantly used in elderly patients, it meets an unmet medical need in a low-risk population which provides an opportunity for expedited FDA review. The Company will also seek approval around any material changes to the trial program (i.e., extension from 12 to 16 weeks). The Company expects to request the Type C meeting in Q1 2022 and anticipates a response in calendar Q2 2022.

1.6 Regulatory Affairs

The Company is currently seeking to appoint a US-based regulatory consultancy with an affiliate in Australia. Negotiations have commenced with regard to appointing an appropriate consultancy to develop the TR-987 dossier and provide regulatory advice in the lead up to the NDA submission.

The appointed advisors may also be engaged to prepare the detailed information pack going to the FDA in the lead up to the Type C meeting. Key work activity may include a regulatory gap analysis across all aspects of the TR development program (CMC, preclinical and clinical) to confirm any changes that might be necessary for the FDA in relation to historic FDA correspondence.

Next Quarter Activities

Key activities for the March 2022 Quarter include

- Review process and analytical results of all three pilot batches of API and proceed to preparing a batch record for the engineering batch #1.
- Audit the CMO, facility readiness and procure all components and equipment to determine the start date for the manufacture of engineering batch #1.
- Secure key centrifuge equipment required for commercial scale production
- **Analytics** Characterisation of the samples from pilot batch #3 is expected to be complete in February 2022. In parallel, it is planned to complete the remaining analytical methods development and optimisation activities at the R&D characterisation laboratory. Formal test methods will be written for the completed methods and will initiate transfer activities to GMP analytical labs. Bioassay method transfer will be completed and ready for analysis of engineering batches. Material from the engineering batch #1 will be characterised and used to initiate method validation activities.

1.7 Phase III VLU Trial CRO Cost Estimate (RFI)

A request for information (RFI) is expected to be sent out to around five Contract Research Organisations (CRO) during the March 2022 quarter. This is intended to gather comparative estimates of costs to conduct the required Double-Blind Randomised Phase III trial. The RFI will contain details of the clinical trial design including an estimate of the number of subjects needed, the number of sites required, and the services requested (project management, clinical operations, data management, statistical analysis, investigator training etc.). It is likely mid-sized, US based, CROs will be selected based on disease specific capabilities.

1.8 Scientific Advisory Board (SAB)

The Company is in the process of establishing a broader scientific advisory board and key leading clinical experts in the treatment of chronic wounds.

2. AESTHETIC COMMERCIALISATION TR PRO+

2.1 Market Research Report

TR Pro+ was received very positively by the group with a number of key benefits identified. Being able to provide a moist healing environment with a protective biofilm layer was particularly appealing, as was the novel mode of action by which the active ingredient, Glucoprime, works.

In the context of products selected for post-procedure care, TR Pro+ can provide a broad range of benefits to the patient, which, in combination, are not available in any product currently available.

Key outcomes from the market research report included the following:

- 86% of respondents considered the product concept to be appealing. The researchers advised that this response was extremely positive when benchmarked against similar product concepts.
- 96% of respondents indicated that out of 16 cosmetic treatments, a strict recovery program was most important for laser treatments and dermabrasion which aligns closely to our clinical data and provides a strong rationale to use TRPro+.
- Dermatology and cosmetic surgery clinics are most likely to be performing these procedures.
- The top five attributes for an aftercare product can all be addressed by TR Pro+ and include infection prevention, clinical support, helps to reduce scars, speeds up healing and patient comfort.
- 82% of Dermatologists would like the product to be available from their clinics.
- Safety (93%), information about ingredients (83%), and clinical support (82%) were the three most important factors necessary to build credibility.

The market research provided additional insights around product pricing and sizing, competitor products, and distribution channels, all of which will be used to further refine the commercialisation model.

The next step in the Company's commercialisation strategy is the Product Familiarisation Program which will provide an opportunity for clinicians to use TR Pro+ in a defined group of patients and begin to establish confidence in the use of the product. Over time, many of these clinicians are expected to develop into product advocates and proactively share their positive clinical experiences with peers and other healthcare professionals.

The medical landscape has evolved significantly over the past two years such that access to healthcare professionals has become extremely difficult. Prolonged lockdowns due to the overall impact of COVID-19 and more recently the Omicron wave have all impacted access, resulting in a backlog of patient loads, together with reduced staffing due to forced isolation. These have eliminated most of the informal communication opportunities that were previously available with heath care professionals (HCP's). The majority of pharma interactions with key clinicians are now done virtually, and the process is more drawn out because contact is usually made through one or more of the peripheral staff.

As a consequence, the Company has teamed up with Hahn Pharma for a three-month contract to provide a virtual resource that will facilitate our access to target doctors while at the same time developing a database of relevant customer profiles. Hahn has had recent experience in recruiting dermatologists for a PFP, and the Company expects this activity to commence during early February 2022 and recruitment to commence shortly thereafter.

2.4 Conference Activity

The Company has secured space at several relevant healthcare professional conferences to show case TR Pro+ and facilitate networking and product discussions with relevant doctors. Among these, the Annual Scientific Meeting of the Australian College of Dermatologists (ACD) will be held in Adelaide in early May 2022.

2.5 Next Quarter Activities

- Launch of PFP and presentation to dermatology clinics.
- Manufacture of a small batch of 10g tubes TR Pro+ to maintain supply post-PFP.
- Submission and publication of journal article.
- Development of marketing materials for conference trade display.
- Commence work on dermatologist starter tube campaign.
- Scope opportunities for additional distribution.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Tissue Repair Limited	
ABN	**Quarter ended ("current quarter")**
20 158 411 566	December 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(93)	(137)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(2)	(7)
	(d) leased assets	-	-
	(e) staff costs	(272)	(387)
	(f) administration and corporate costs	(398)	(533)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received		
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	(194)	(194)
1.9	**Net cash from / (used in) operating activities**	**(959)**	**(1,258)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(2)	(4)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(2)**	**(4)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	22,000	22,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,821)	(1,888)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**20,179**	**20,112**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,424	7,764
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(959)	(1,259)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(4)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	20,179	20,112
4.5	Effect of movement in exchange rates on cash held	(28)	1
4.6	**Cash and cash equivalents at end of period**	**26,614**	**26,614**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	8,890	789
5.2	Call deposits	17,724	6,635
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**26,614**	**7,424**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	95
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

The amount at 6.1 includes Director fees (including superannuation) for directors and related parties.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**-**	**-**

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(959)
8.2	Cash and cash equivalents at quarter end (item 4.6)	26,614
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	26,614
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	**27.8**

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: .....31 January 2022.....

Authorised by: .....The Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.