

ASX RELEASE | OSTEOPORE LIMITED

22 December 2022

# OSTEOPORE RECEIVES FIRM COMMITMENTS FOR PLACEMENT AND SIGNS NON-BINDING AGREEMENT FOR PROPOSED ACQUISITION

## Highlights:

- *Osteopore has received binding commitments from sophisticated and existing investors for a total A\$1,000,000 Placement at \$0.15 per share, with one (1) free attaching option for every one (1) new share subscribed for.*
- *Proceeds from the Placement will be used to support sales momentum, develop and launch new breakthrough products, secure regulatory clearances in new markets and provide capacity for continued exploration of potential partnerships and acquisition opportunities aimed at increasing company value.*
- *The Company has entered into a non-binding term sheet with Mr Lim Jae Hoon for the proposed acquisition of 100% of the businesses owned by Lomic Korea Co., Ltd, 3D Aesthetic Solutions Pte Ltd, 3D Healthcare Solutions Co., Ltd and 3D Aesthetic Medical Equipment and Supplies Trading in order to increase the distribution of Osteopore products.*

**Osteopore Limited** (ASX: OSX) ("**Osteopore**" or the "**Company**"), a revenue-generating manufacturer of regenerative implants that empower natural tissue regeneration, is pleased to announce it has received binding commitments from existing and sophisticated investors to successfully raise A\$1,000,000 (before costs) through a single tranche placement ("**Placement**").

The Company has also entered into a non-binding term sheet with Mr Lim Jae Hoon (an unrelated party to the Company) ("**Vendor**") for the proposed acquisition of 100% of the businesses owned by Lomic Korea Co., Ltd, 3D Aesthetic Solutions Pte Ltd, 3D Healthcare Solutions Co., Ltd and 3D Aesthetic Medical Equipment and Supplies Trading ("**Target Businesses**") in order to increase the distribution of Osteopore products. The Vendor is the majority shareholder of each of the Target Businesses.

## Placement Details

The Placement will see the Company issue 6,666,666 new fully paid ordinary shares at an issue price of A\$0.15 per share. The new shares under the Placement will be issued utilising the Company's existing placement capacity under ASX Listing Rule 7.1A.

The issue price of A\$0.15 represents a 25% discount to Osteopore's closing share price of A\$0.20 and a 20.6% discount to the 15-day volume-weighted average price ("**VWAP**") of A\$0.189. The Placement Shares will rank equally with the Company's existing fully paid ordinary shares. Settlement of the Placement is expected to be completed on or around Thursday 28 December 2022.

The lead manager of the Placement is Cadmon Advisory. The lead manager or its nominees will receive a 6% capital raising fee and 5,000,000 options to acquire shares on a one-for-one basis, on the same terms as the Free-Attaching Options (defined below), which are subject to shareholder approval at a general meeting to be held as soon as is practicable.

Osteopore's Executive Chairman, Mark Leong said: *"This Placement comes at a very opportune moment for Osteopore as the Company continues to execute its growth strategy, driven by an expanding product portfolio and sales pipeline. It will enable us to increase momentum in securing additional distribution partners globally and gain further regulatory access into new high growth markets. It also affords the Company the opportunity to continue investigating potential partnerships and acquisition opportunities."*

### **Free-Attaching Options**

Osteopore will also issue one (1) free attaching option ("**Attaching Option**") for every one (1) new share subscribed for under the Placement. The 6,666,666 Attaching Options will be exercisable at A\$0.225 each and expire on the date that is three (3) years from the date of issue. The Attaching Options are subject to shareholder approval at a general meeting to be held as soon as is practicable. Subject to the satisfaction of certain conditions set by ASX, the Attaching Options are intended to be quoted on the ASX.

### **Use of Funds**

Osteopore achieved record revenue of S\$460,684 (A\$482,890) for Q3 CY22, resulting in the Company's fourth consecutive quarter of revenue growth. Funds raised from the Placement will be used to support this momentum, via new distribution agreements expected in the near term, global marketing campaigns and customer acquisition initiatives. In addition to this, proceeds will also be used for:

- Developing and launching new products to expand the scope of bone regeneration applications across the entire body.
- Advancing multiple on-going clinical trials to secure regulatory clearances in new markets.
- Support the continued improvement of Osteopore's world leading manufacturing process, and expand our portfolio of patents and trade secrets.
- Provide capacity for continued exploration of potential partnerships and acquisition opportunities aimed at increasing company value.
- Provide a stronger balance sheet and deepen the Company's institutional shareholder base.

### **Non-Binding Term Sheet – Key Terms**

The Company has entered into a non-binding term sheet with the Vendor to acquire 100% of the Target Businesses ("**Proposed Acquisition**") to order to increase the distribution of Osteopore products. The Vendor is an unrelated party to the Company and majority shareholder of the Target Businesses. The Target Businesses comprise medical distribution businesses based primarily in South Korea, Singapore, Vietnam and the Philippines.

Pursuant to the Proposed Acquisition, the Company has agreed to pay the Vendor, an aggregate consideration of A\$2,050,000 comprising:

- (a) on completion of the Proposed Acquisition (“**Completion**”):
  - (i) a cash payment of A\$550,000 (less any outstanding accounts receivable owing from the Target Business to the Company at Completion); and
  - (ii) 2,400,000 performance rights (“**Performance Rights**”) which convert to Osteopore shares on a 1-for-1 basis, subject to all of the following milestones having been satisfied:
    - A. the Target Businesses generating a cumulative A\$1,000,000 of sales based off audited or reviewed accounts over a twelve (12) month period from Completion;
    - B. no material adverse events arising in respect of the Target Businesses; and
    - C. twelve (12) months having expired since Completion; and
- (b) following Completion, an aggregate of A\$300,000 of cash payments in the following tranches (and subject to the following milestones having been satisfied):
  - (i) subject to the Target Businesses generating a cumulative A\$350,000 of sales based off audited or reviewed accounts, a cash payment of A\$100,000;
  - (ii) subject to the Target Businesses generating a cumulative A\$500,000 of sales (i.e. A\$150,000 in addition to the A\$350,000 in the paragraph above) based off audited or reviewed accounts, a cash payment of A\$100,000; and
  - (iii) subject to the Target Businesses generating a cumulative A\$800,000 of sales (i.e. A\$300,000 in addition to the A\$500,000 in the paragraph above) based off audited or reviewed accounts, a cash payment of A\$100,000.

The Performance Rights will be issued under the Company’s Listing Rule 7.1 placement capacity.

In accordance with the Proposed Acquisition, the Company will also engage the Vendor as a key consultant of the Company and the Target Businesses.

The Target Businesses have previously been appointed by Osteopore as its distributors to on-sell medical products and provide related services throughout South Korea, Singapore, Vietnam and the Philippines. The Board believes the acquisition of the Target Businesses are complimentary to the Company’s existing business and will benefit shareholders as it will vertically integrate the Target Businesses into the Company’s existing operations in order to create synergies to benefit the Company’s shareholders.

Osteopore’s Executive Chairman, Mark Leong said: *“This proposed transaction marks our first acquisition. This proposed acquisition creates synergies to our business and allows us to add exciting inorganic growth to complement our strong organic growth. We are excited by this transaction and will continually seek more opportunities to boost our trajectory.”*

Investors are cautioned that the Proposed Acquisition remains non-binding and is subject to entry into a formal binding agreement. In addition, the Proposed Acquisition is also subject to the following material conditions precedent:

- (a) Osteopore having received copies of certain distribution agreements with the Vendor's clients;
- (b) Osteopore being satisfied that the Vendor has been listed as an approved distributor with each client;
- (c) Assignment, novation or entry into a new lease agreement for the Target Businesses premises in South Korea (if required);
- (d) The Vendor entering into a consultancy agreement with Osteopore;
- (e) The parties obtaining all required third party consents and approvals; and
- (f) No material adverse change prior to Completion.

ASX have confirmed that Listing Rules 11.1.2 and 11.1.3 do not apply to the Proposed Acquisition.

*This announcement has been approved for release by the Board of Osteopore Limited.*

For more information, please contact:

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**About Osteopore Limited**

Osteopore Ltd is an Australian and Singapore based medical technology company commercialising a range of products specifically engineered to facilitate natural bone healing across multiple therapeutic areas. Osteopore's patented technology fabricates specific micro-structured scaffolds for bone regeneration through 3D printing and bioresorbable material.

Osteopore's patent-protected scaffolds are manufactured using a proprietary manufacturing technique with a polymer that naturally dissolve over time to leave only natural, healthy bone tissue, significantly reducing post-surgery complications commonly associated with permanent bone implants. Our 3D printer technology is not available in the market and unique to Osteopore.

**Forward-Looking Statements**

Statements contained in this press release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices, or potential growth of Osteopore Limited, are, or may be, forward-looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results may differ materially from those expressed or implied by these forward-looking statements depending on various factors.