

Osteopore Limited and its Controlled Entities
Appendix 4D

1. Name of Entity

Osteopore Limited (ABN 65 630 538 957)

Reporting Period

Half-year ended 30 June 2023

Previous Corresponding Reporting Period

Half-year ended 30 June 2022

2. Results for Announcement to Market

Financial results	Up / Down	Change	2023	2022
		%	\$	\$
Revenue from ordinary activities	Up	22	997,102	816,127
Loss after tax from ordinary activities attributable to members	Up	53	(2,977,757)	(1,948,792)
Loss attributable to members	Up	52	(3,021,057)	(1,987,293)

Final and interim dividends

It is not proposed that either a final or interim dividend be paid.

Record date for determining entitlements to the dividend

N/A

Brief explanation of any of the figures reported above

The increase in net loss after tax from ordinary activities during the half-year ended 30 June 2023 is attributable mainly to the share-based payment expense, which is a non-cash item. This increase is primarily due to the options issued to the lead manager of the share placement from December 2022 to June 2023. The Company also reports an increase in administrative expenses, mainly due to higher legal and professional fees. In addition, the Company continues to allocate more resources to sales & marketing and business development activities, to broaden the distribution and business network to grow the Company's market presence.

The net loss after tax from ordinary activities during the half-year ended 30 June 2022 is mainly attributable to an increase in operational and marketing costs as the Company continues to penetrate new markets with participation in more Trade Shows and Exhibitions and sign up of craniofacial distributors in South Africa, the United Arab Emirates and Colombia, and a Maxillofacial distributor in Australia. In addition, the Company continues to engage with its distribution partners to ensure sales teams are educated and supported to drive adoption and sales.

Osteopore Limited and its Controlled Entities
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3. Net Tangible Asset Backing per Ordinary Share

Cents

Net tangible asset backing per ordinary share – current reporting period (30 June 2023)	0.79
Net tangible asset backing per ordinary share – previous reporting period (31 December 2022)	1.60

4. Control Gained Over Entities

Details of entities over which control has been gained or lost	N/A
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5. Dividends Paid and Payable

Details of dividends or distribution payments	No dividends or distributions are payable.
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6. Dividend Reinvestment Plans

Details of dividend or distribution reinvestment plans	N/A
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7. Details of Associates

Details of associates and joint venture entities	N/A
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8. Foreign Entities

Foreign entities to disclose which accounting standards are used in compiling the report	All entities within the Group comply with International Financial Reporting Standards.
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9. Review Opinion

Details of any audit dispute or qualification	There are no audit disputes or qualifications to the review opinion.
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Mark Leong
Executive Chairman
31 August 2023

OsteoporeTM

Empowering Natural Tissue Regeneration

**OSTEOPORE LIMITED
AND ITS CONTROLLED ENTITIES**

ACN 630 538 957

**CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2023**

Osteopore Limited and its Controlled Entities
Consolidated Interim Financial Report
For the half-year ended 30 June 2023

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**Osteopore Limited and its Controlled Entities
Consolidated Interim Financial Report
For the half-year ended 30 June 2023**

CORPORATE INFORMATION

Directors

Mark Leong
Professor Teoh Swee Hin
Daniel Ow
Michael Keenan (Appointed on 18 July 2023)

Joint Company Secretaries

Deborah Ho
Kellie Davis (Appointed on 26 January 2023)

Registered Office / Principal Place of Business

Level 5, 191 St. Georges Terrace
Perth WA 6000

Telephone: +61 2 8072 1400

Share Register

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

Auditor

Grant Thornton Audit Pty Ltd
Central Park
Level 43, 152-158 St Georges Terrace
Perth WA 6000

Solicitors

Hamilton Locke
Level 27, 152-158 St Georges Terrace
Perth WA 6000

Website

<https://www.osteopore.com/>

**Osteopore Limited and its Controlled Entities
Consolidated Interim Financial Report
For the half-year ended 30 June 2023**

DIRECTORS' REPORT

The Directors present their report, together with the consolidated financial report for Osteopore Limited ("Osteopore" or the "Company") and its controlled entities ("Group"), for the half-year ended 30 June 2023.

DIRECTORS

The names of Directors in office at any time during or since the end of the half-year ended 30 June 2023 were as follows:

Name	Position	Date Appointed	Date Resigned
Mark Leong*	Executive Chairman	28 December 2021	—
Daniel Ow	Non-Executive Director	7 October 2021	—
Professor Teoh Swee Hin	Non-Executive Director	24 June 2019	—
Michael Keenan	Non-Executive Director	18 July 2023	—

*Mark Leong was the Non-Executive Chairman of the Company from 1 August 2021 to 28 December 2021.

PRINCIPAL ACTIVITIES

Osteopore Limited is a global medical technology company founded in Singapore and listed in Australia that commercialises products designed to enable 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 dissolves over time to only allow natural and healthy bone tissue, significantly reducing the post-surgery complications commonly associated with permanent bone implants.

REVIEW OF OPERATIONS

Osteopore continued to generate sales during the period to 30 June 2023 with revenue of \$997,102, in comparison to 30 June 2022 of \$816,127.

During the period from January to June 2023, the Company accomplished the following:

- The Company completed its first acquisition – a medical distribution business which on a group basis represent around 40%-45% of global sales. This acquisition is expected to boost revenue as it eliminates the distribution layer between the Company and its end customers.
- The Company secured Taiwanese regulatory approval for an additional application of its Osteomesh® product, extending the Company's presence in the Taiwanese market and providing further growth opportunities for the Company.
- The Company's new product line aXOpore®, was successfully registered with the United Kingdom's Medicines & Healthcare products Regulatory Agency. This registration enables aXOpore® to be used in Great Britain and can now be used by surgeons for treatment of their patients.
- The Company secured reimbursement approval from South Africa's biggest medical scheme – Discovery Health Medical Scheme (DHMS), which has a market share of 57% - for Osteomesh®. The reimbursement approval expands the Company's presence in the South African market and eliminates the barriers for patients requiring Osteopore implants.
- The Company successfully transitioned to the EU's Medical Devices Regulation 2017/745 (MDR). This MDR certification reinforces the Company's regulatory capabilities and supports business continuity in the European Union.
- The Company established its inaugural Advisory Panel, which will provide a valuable source of guidance and support for the organisation by tapping into the relevant expertise, networks and channels that its panel members can offer. The panel will play a pivotal role in enhancing Osteopore's footprint globally, advancing scientific research and support its commercialisation efforts. The panel includes members who have expertise in areas such as market access, R&D, commercialisation, craniofacial, orthopaedic, aesthetic, dental, and oral-maxillofacial surgery.

**Osteopore Limited and its Controlled Entities
Consolidated Interim Financial Report
For the half-year ended 30 June 2023**

REVIEW OF OPERATIONS (CONTINUED)

- The Company strengthened its presence in Eastern USA by a strategic sub-distribution partnership with Kelyniam through its U.S. sales distribution partner, Bioplate Inc. to further penetrate the USD1.1 billion cranial implant market.
- The Company further demonstrated its endeavour to commercialize a range of dental products by signing an exclusive Distribution Agreement with Majeton Pte Ltd (Majeton) to promote and sell Osteopore's dental and oral maxillofacial products in Singapore.
- The Company continues to prepare its product pipeline through two initial non-binding term sheets to licence innovative bioactive technology designed to accelerate bone and tissue regeneration, and a binding Term Sheet with CellHeal worth \$4.0M to commercialise Osteopore's regenerative implant technology in China, Hong Kong, Macau and Taiwan, in the areas of dental, tendon and cartilage.

Subsequent to 30 June 2023, the Company signed a non-binding term sheet with Cell Heal Pty Ltd (CellHeal), which will commit up to \$10 million to accelerate Osteopore's commercialisation in China. The partnership with CellHeal paves the way for greater market visibility in China for Osteopore's regenerative medicine technology.

On 29 August 2023, Osteopore and CellHeal have agreed to an extension of deadline to reach Definitive Agreements, which will now be 31 October 2023.

On 18 July 2023, Dr Lim Jing was promoted to the role of Chief Executive Officer (CEO) and the Hon. Michael Keenan was appointed as Non-Executive Director. Previous CEO, Mr Goh, moved into the newly created role of Global Marketing Director as part of a planned succession.

RESULTS FOR THE PERIOD

The Group incurred a net loss after tax for the half-year ended 30 June 2023 of \$2,977,757 (30 June 2022: \$1,948,792). As of 30 June 2023, the Group recorded a net asset position of \$2,265,448 (31 December 2022: \$2,051,866). Net operating cash outflows were \$1,946,493 (30 June 2022: cash outflows of \$2,134,464). Osteopore ends the half-year with a cash balance of \$1,857,390 (31 December 2022: \$1,334,221).

EVENTS SUBSEQUENT TO REPORTING PERIOD

No matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Signed in accordance with a resolution of the Directors



Mark Leong
Executive Chairman
31 August 2023

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Auditor's Independence Declaration

To the Directors of Osteopore Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Osteopore Limited for the half-year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 31 August 2023

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ACN-130 913 594

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2023**

		Consolidated	
		30 June 2023	30 June 2022
	Note	\$	\$
Revenue	3	997,102	816,127
Cost of sales		(349,720)	(209,536)
Gross profit		647,382	606,591
Other income	4	122,481	51,064
Product development and laboratory expenses		(802,776)	(700,422)
Sales, marketing, and business development expenses		(1,261,434)	(1,073,892)
Administrative expenses		(989,965)	(713,960)
Other expenses		(161,663)	(112,068)
Share-based payments		(517,668)	(723)
Operating loss		(2,963,643)	(1,943,410)
Finance costs		(3,566)	(5,382)
Loss before income tax		(2,967,209)	(1,948,792)
Income tax expenses		(10,548)	–
Loss after income tax		(2,977,757)	(1,948,792)
Other comprehensive loss			
Exchange differences arising from the translation of foreign subsidiary		(43,300)	(38,501)
Total comprehensive loss, net of tax		(3,021,057)	(1,987,293)
Basic and diluted loss per share (cents)	14	(1.92)	(1.66)

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

		Consolidated	
		30 June 2023	31 December 2022
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,857,390	1,334,221
Trade receivables	5	461,209	830,717
Other assets	6	959,524	690,344
Inventories		303,383	279,163
Total Current Assets		3,581,506	3,134,445
Non-Current Assets			
Property, plant and equipment	7	331,465	398,244
Right-of-use asset	8	47,763	68,918
Intangible assets	9	990,937	-
Total Non-Current Assets		1,370,165	467,162
TOTAL ASSETS		4,951,671	3,601,607
LIABILITIES			
Current Liabilities			
Trade and other payables		2,572,917	1,408,558
Provisions		60,521	67,005
Lease liabilities	10	48,501	45,359
Total Current Liabilities		2,681,939	1,520,922
Non-Current Liabilities			
Lease liabilities	10	4,284	28,819
Total Non-Current Liabilities		4,284	28,819
TOTAL LIABILITIES		2,686,223	1,549,741
NET ASSETS		2,265,448	2,051,866
EQUITY			
Issued capital	11	29,470,027	26,957,056
Reserves	12	(13,324,631)	(14,002,999)
Accumulated losses		(13,879,948)	(10,902,191)
TOTAL EQUITY		2,265,448	2,051,866

The accompanying notes form part of this financial report.

Osteopore Limited and its Controlled Entities
Consolidated Interim Financial Report

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2023**

	Note	Issued Capital \$	Share Based Payment Reserve \$	Common Control Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2022		26,066,131	2,355,293	(14,915,451)	(183,957)	(7,949,125)	5,372,891
Loss after income tax		-	-	-	-	(1,948,792)	(1,948,792)
Other comprehensive loss		-	-	-	(38,501)	-	(38,501)
Total comprehensive loss for the period		-	-	-	(38,501)	(1,948,792)	(1,987,293)
Share-based payments		-	723	-	-	-	723
Expired options		-	(1,108,302)	-	-	1,108,302	-
Forfeit of issued employee options		-	(20,223)	-	-	20,223	-
Balance at 30 June 2022		26,066,131	1,227,491	(14,915,451)	(222,458)	(8,769,392)	3,386,321
Balance at 1 January 2023		26,957,056	1,113,860	(14,915,451)	(201,408)	(10,902,191)	2,051,866
Loss after income tax		-	-	-	-	(2,977,757)	(2,977,757)
Other comprehensive loss		-	-	-	(43,300)	-	(43,300)
Total comprehensive loss for the period		-	-	-	(43,300)	(2,977,757)	(3,021,057)
Shares placement	12	2,688,618	-	-	-	-	2,688,618
Shares issue costs	12	(175,647)	-	-	-	-	(175,647)
Share-based payments	12	-	517,668	-	-	-	517,668
Performance rights issued (vendor)	12	-	204,000	-	-	-	204,000
Balance as at 30 June 2023		29,470,027	1,835,528	(14,915,451)	(244,708)	(13,879,948)	2,265,448

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2023**

		Consolidated	
		30 June 2023	30 June 2022
	Note	\$	\$
Cash flows from operating activities			
Loss before income tax		(2,967,209)	(1,948,792)
<i>Adjustments for</i>			
Amortisation expense	9	51,858	-
Depreciation (Property, plant, and equipment)	7	81,514	91,083
Depreciation (Right-of-use asset)	8	21,919	20,192
Finance costs	10	3,566	5,382
Interest income	4	(4,318)	(2,018)
Share-based payment expense	12	517,668	723
Operating cash flows before changes in working capital		<u>(2,295,002)</u>	<u>(1,833,430)</u>
Changes in trade receivables		(174,800)	(127,190)
Changes in other assets		(269,180)	(26,197)
Changes in inventory		(24,220)	(56,780)
Changes in trade and other payables		822,441	(120,042)
Changes in provisions		(6,484)	32,539
Interest paid		(3,566)	(5,382)
Interest received		4,318	2,018
Net cash used in operating activities		<u>(1,946,493)</u>	<u>(2,134,464)</u>
Cash flows from investing activities			
Purchases of plant and equipment		(2,185)	(41,319)
Net cash used in investing activities		<u>(2,185)</u>	<u>(41,319)</u>
Cash flows from financing activities			
Proceeds from shares placement		2,688,618	-
Payment of shares issue costs		(148,990)	-
Repayment of lease principal		(22,223)	(11,920)
Net cash generated from / (used in) financing activities		<u>2,517,405</u>	<u>(11,920)</u>
Net increase / (decrease) in cash and cash equivalents		568,727	(2,187,703)
Cash and cash equivalents at the beginning of the half-year		1,334,221	4,530,175
Effects of exchange rate changes on cash		(45,558)	(6,408)
Cash and cash equivalents at the end of the half-year		<u>1,857,390</u>	<u>2,336,064</u>

The accompanying notes form part of this financial report

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

General Information and Basis of Preparation

These half-year financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The principal accounting policies adopted are consistent with those of the previous financial year. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Group's financial position and performance since the most recent annual report.

The consolidated interim financial report has been approved and authorised for issue by the Board of Directors on 31 August 2023.

New Accounting Policies Adopted

Intangible assets

Distribution agreement

Distribution agreement is recognised at cost of acquisition and amortised over their useful lives. They have a finite life and are reported at cost less accumulated amortisation and accumulated impairment losses.

The following useful lives are applied:

Class of intangible asset	Amortisation rate
Distribution agreement	33%

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Going Concern Assumption

The interim financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors note that the Group has net assets of \$2,265,448 as of 30 June 2023, incurred a net loss for the half-year of \$2,977,757 and net operating cash outflow of \$1,946,493 for the period ended 30 June 2023. The Group has cash and cash equivalents as of 30 June 2023 of \$1,857,390.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern Assumption (Continued)

The Company's ability to continue as a going concern and to pay their debts as and when they fall due is dependent on the Company generating additional revenues from its operations, managing all costs in line with management's forecasts and, if necessary, raising further capital. Management have prepared a cash flow forecast on this basis which indicates that the Consolidated Entity will have sufficient cash flows to meet minimum operating overheads and committed expenditure requirements for the 12-month period from the date of signing the financial report if they are successful in meeting those forecasts.

The Directors believe the Consolidated Entity and Company will continue as a going concern, after consideration of the following factors:

- Regular review of management accounts and cash flow forecast, incorporating expected cash inflows from sales and collection of trade receivables;
- Close management of both its operating costs and corporate overheads;
- Sales pipeline continues to grow and the Company is confident of achieving further sales growth;
- Ability to obtain deferral for certain payments including directors and senior management (if required);
- The Company raises funds through an equity capital raise or alternative options through debt or equity from the Consolidated Entity's major shareholders (if required).

The financial report has therefore been prepared on a going concern basis. Should the Consolidated Entity and the Company be unable to achieve successful outcomes in relation to each of the matters referred to above, there is a material uncertainty whether the Consolidated Entity and the Company will be able to continue as a going concern and, therefore, whether they will realise their assets and discharge their liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Consolidated Entity and the Company not continue as a going concern.

New, Revised or Amended Accounting Standards and Interpretations

During the half-year ended 30 June 2023, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 January 2023. Accounting pronouncements which have become effective from 1 January 2023 and that have been adopted, do not have a significant impact on the Group's financial results or position.

When preparing the Interim Financial Report, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Report, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2022.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

NOTE 3. REVENUE

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Sale of goods	997,102	816,127

All sale of goods is recognised at a point in time.

The Group's revenue disaggregated by primary geographical markets is as follows:

	30 June 2023	30 June 2022
	\$	\$
Vietnam	340,470	113,446
South Korea	192,823	314,769
Singapore	82,589	106,064
USA	75,456	65,889
Indonesia	54,504	21,961
Philippines	37,382	6,805
Thailand	36,983	4,964
Malaysia	27,795	11,192
Switzerland	24,161	15,228
South Africa	18,550	16,188
Other countries	106,389	139,621
	997,102	816,127

NOTE 4. OTHER INCOME

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Bank interest income	4,318	2,018
Government grant	61,095	48,279
Overprovision for expected credit losses	29,935	-
Overprovision for employees' unutilised annual leave	7,289	-
Other income	19,844	767
	122,481	51,064

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. TRADE RECEIVABLES

	Consolidated	
	30 June	31 December
	2023	2022
	\$	\$
Trade receivables	508,971	913,515
Less: expected credit losses	(47,762)	(82,798)
	461,209	830,717

NOTE 6. OTHER ASSETS

	Consolidated	
	30 June	31 December
	2023	2022
	\$	\$
Deposits	34,581	13,124
Prepayments	828,802	605,505
Other receivables	96,141	71,715
	959,524	690,344

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	30 June	31 December
	2023	2022
	\$	\$
Cost	1,501,469	1,472,423
Less: accumulated depreciation	(1,170,004)	(1,074,179)
	331,465	398,244

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computers \$	Furniture & Fittings \$	Consolidated Plant & Machinery \$	Leasehold Improvements \$	Total \$
Cost	226,183	117,333	707,960	449,993	1,501,469
Less: accumulated depreciation	(220,806)	(99,290)	(485,512)	(364,396)	(1,170,004)
	5,377	18,043	222,448	85,597	331,465
<i>Cost</i>					
Balance at 1 Jan 2023	217,729	115,838	698,937	439,919	1,472,423
Additions	5,664	-	-	4,396	10,060
Exchange rate movement	2,790	1,495	9,023	5,678	18,986
Balance at 30 June 2023	226,183	117,333	707,960	449,993	1,501,469
<i>Accumulated Depreciation</i>					
Balance at 1 Jan 2023	206,360	92,137	438,908	336,774	1,074,179
Depreciation expense	11,737	5,930	40,705	23,142	81,514
Exchange rate movement	2,709	1,223	5,899	4,480	14,311
Balance at 30 June 2023	220,806	99,290	485,512	364,396	1,170,004

NOTE 8. RIGHT-OF-USE ASSET

	Consolidated	
	30 June 2023 \$	31 December 2022 \$
Cost	132,267	130,581
Less: accumulated depreciation	(84,504)	(61,663)
	47,763	68,918
<i>Cost</i>		
Balance at the beginning of the period	130,581	214,145
Derecognition at end of lease term	-	(99,963)
Exchange rate movement	1,686	16,399
Balance at the end of the period	132,267	130,581
<i>Accumulated depreciation</i>		
Balance at the beginning of the period	61,663	109,699
Depreciation expense	21,919	41,376
Derecognition at end of lease term	-	(99,963)
Exchange rate movement	922	10,551
Balance at the end of the period	84,504	61,663

The right-of-use asset relates to the leases for the office premises in Singapore.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. INTANGIBLE ASSETS

On 30 March 2023, the Company's subsidiary, Osteopore International Pte Ltd has completed the acquisition of the business asset of a medical distribution business based in Korea. The business asset acquired included the distribution agreements. Consideration for the asset acquisition consisted of \$550,000 cash, 2,400,000 performance shares and \$300,000 cash, contingent on reaching certain performance considerations. The Company recognised the acquisition as an asset acquisition.

At the date of acquisition, the fair value of the assets acquired was assessed as follows:

	\$
Net Identifiable Assets Acquired	
Intangible assets - distribution agreements ¹	1,054,000
Consideration	
Cash consideration	550,000
Performance shares ²	204,000
Contingent cash consideration ³	300,000
	1,054,000

¹ The distribution agreements acquired have been assigned an average useful life of 3 years based on the underlying length of the distribution agreements purchased. As at 30 June 2023, an amortisation charge of \$51,858 was recorded.

² Performance rights have been valued in accordance with the valuation technique refer to at Note 12.

³ Total amount of contingent consideration for \$300,000 to be paid if the target business having generated earn-out sales set up as follows:-

Tranche 1: Cash payment of \$100,000 for earn-out sales of at least a cumulative \$350,000 within 2 years earn-out period
Tranche 2: Cash payment of \$100,000 for earn-out sales of at least a cumulative \$500,000 within 2 years earn-out period
Tranche 3: Cash payment of \$100,000 for earn-out sales of at least a cumulative \$800,000 within 2 years earn-out period

	Consolidated	
	30 June	31 December
	2023	2022
	\$	\$
Cost	1,043,092	-
Less: accumulated amortisation	(52,155)	-
	990,937	-
<i>Cost</i>		
Balance at the beginning of the period	-	-
Additions	1,054,000	-
Exchange rate movement	(10,908)	-
Balance at the end of the period	1,043,092	-
<i>Accumulated amortisation</i>		
Balance at the beginning of the period	-	-
Amortisation expense	51,858	-
Exchange rate movement	297	-
Balance at the end of the period	52,155	-

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. LEASE LIABILITIES

	Consolidated	
	30 June 2023	31 December 2022
	\$	\$
Current	48,501	45,359
Non-Current	4,284	28,819
	52,785	74,178
<i>Amounts recognised in the statement of profit or loss and other comprehensive income</i>		
Interest expense	3,566	5,382

NOTE 11. ISSUED CAPITAL

	30 June 2023		31 December 2022	
	No. of Shares	\$	No. of Shares	\$
Fully paid ordinary shares	154,918,630	29,470,027	123,568,238	26,957,056

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. There is no current on-market share buy-back.

Movements in ordinary share capital

	No. of Shares		\$
Balance at 31 December 2021	117,268,238		26,066,131
Placement ¹	6,300,000	0.150	945,000
Share issue costs	-		(54,075)
Balance at 31 December 2022	123,568,238		26,957,056
Placement ¹	366,666	0.150	55,000
Placement on 24 April 2023 ²	20,293,604	0.085	1,724,957
Placement on 28 June 2023 ³	10,690,122	0.085	908,661
Share issue costs			(175,647)
Balance at 30 June 2023	154,918,630		29,470,027

¹ On 22 December 2022, the Company announced that it has received binding commitments from sophisticated and existing investors for a total \$1,000,000 placement at \$0.15 per share, with one free attaching option for every one new share subscribed for. As of 31 December 2022, the Company has received capital proceeds in advance totalling \$945,000, subsequently, issuing 6,666,666 new fully paid ordinary shares on 3 January 2023. After the reporting date the residual placement totalling \$55,000 was received.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. ISSUED CAPITAL (CONTINUED)

² On 24 April 2023, the Company issued 20,293,604 shares in relation to the non-renounceable pro-rata entitlement offer (Entitlement Offer), which gave eligible shareholders the opportunity to subscribe for one fully paid ordinary share for every four fully paid ordinary shares held on the record date, at an issue price of \$0.085 per new share, with one free-attaching quoted option for every one new share subscribed for.

³ On 28 June 2023, the Company issued 10,690,122 shares in relation to the shortfall shares from the Entitlement Offer.

NOTE 12. RESERVES

	Consolidated	
	30 June	31 December
	2023	2022
	\$	\$
Common control reserve	(14,915,451)	(14,915,451)
Share based payment reserve	1,835,528	1,113,860
Foreign currency translation reserve	(244,708)	(201,408)
	<u>(13,324,631)</u>	<u>(14,002,999)</u>

Common Control Reserve

In September 2019, the Company acquired 100% of Osteopore International Pte Ltd (OIS). The acquisition has been accounted for with reference to common controlled entities. The Group has adopted the predecessor accounting method to form one enlarged group. The Company has recorded the excess consideration above the net assets of OIS to a common control reserve in September 2019.

Share Based Payment Reserve

	No. of Options	\$
Share-based payment reserve as at 30 June 2023	18,187,500	1,835,528
<i>Movements in share-based payment reserve</i>		
Balance at 1 January 2023	3,187,500	1,113,860
Issue of vendor's performance rights ¹	-	204,000
Issue of directors' performance rights	-	44,754
Options issued to lead manager of the share placement	15,000,000	472,914
Balance at 30 June 2023	<u>18,187,500</u>	<u>1,835,528</u>

¹ The 2,400,000 performance shares have been valued on the date control of assets was obtained using a share price of \$0.085. Management has deemed there to be a 100% probability of the following non-market conditions being achieved:

- (i) the Target Businesses generating a cumulative \$1,000,000 of sales based on audited or reviewed accounts over a twelve (12) month period from completion
- (ii) No material adverse changes having occurred to the business assets
- (iii) 12 months having expired since completion

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. SHARE BASED PAYMENT EXPENSE

On 24 April 2023, 10,000,000 options exercisable at \$0.225 expiring on 13 April 2026 were issued to the Lead Manager of the placement. All options are vested at grant date.

On 28 June 2023, 5,000,000 options exercisable at \$0.225 expiring on 13 April 2026 were issued to the Lead Manager as a success fee. All options are vested at grant date.

The following table illustrates the number and weighted average exercise price and movements in share options:

	30 June 2023		31 December 2022	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding at the beginning of year	3,187,500	1.17	13,475,000	0.49
Expired	-	-	(10,100,000)	(0.17)
Forfeited	-	-	(187,500)	(0.01)
Granted during the year	15,000,000	0.23	-	-
Outstanding at the end of the period	18,187,500	0.39	3,187,500	1.17
Exercisable at the end of the period	18,187,500	0.39	3,187,500	1.17

The fair value of the options issued was estimated at the date of grant using the Black-Scholes option pricing model below:

Grant Date	Expiry Date	Share Price at Grant	Exercise Price	Expected Volatility	Dividend Yield	Risk-Free Interest Rate	Fair Value at Grant Date
28/08/2020	28/08/2023	\$0.600	\$1.200	120%	0%	0.29%	\$0.354
27/06/2021	02/11/2025	\$0.470	\$0.624	89%	0%	0.82%	\$0.284
24/04/2023	13/04/2026	\$0.076	\$0.225	90%	0%	3.24%	\$0.026
28/06/2023	13/04/2026	\$0.105	\$0.225	90%	0%	3.24%	\$0.042

Set out below are the options exercisable at the end of the period:

Grant Date	Expiry Date	30 June 2023 No. of Options	31 December 2022 No. of Options
28/08/2020	28/08/2023	3,000,000	3,000,000
27/06/2021	02/11/2025	187,500	375,000
24/04/2023	13/04/2026	10,000,000	-
28/06/2023	13/04/2026	5,000,000	-
		18,187,500	3,375,000

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. LOSS PER SHARE

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Loss after income tax	(2,977,757)	(1,948,792)
	No.	No.
Weighted average number of ordinary shares	154,918,630	117,268,238
	Cents	Cents
Basic and diluted loss per share	(1.92)	(1.66)

As the Group incurred a loss for the period, the options on issue have an anti-dilutive effect, therefore the diluted EPS is equal to the basic EPS. A total of 18,187,500 share options (30 June 2022: 3,587,500) which could potentially dilute EPS in the future have been excluded from the diluted EPS calculation because they are anti-dilutive for the current year presented.

NOTE 15. SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are used by the Board in assessing performance and in determining the allocation of resources. Given the Group's operations since incorporation, the Board has identified two relevant business segments based on the Group's geographical office – Singapore and Australia. The following tables are an analysis of the Group's revenue and results by reportable segment for the half-year ended 30 June 2023 and 2022.

	Singapore	Australia	Consolidated
	\$	\$	\$
<u>Profit and Loss</u>			
30 June 2023			
Revenue from customers	997,102	-	997,102
Gross revenue	997,102	-	997,102
Other income	118,177	4,304	122,481
Total revenue	1,115,279	4,304	1,119,583
Loss for the half-year ended 30 June 2023	(1,719,934)	(1,257,823)	(2,977,757)
30 June 2022			
Revenue from customers	816,127	-	816,127
Gross revenue	816,127	-	816,127
Other income	49,047	2,017	51,064
Total revenue	865,174	2,017	867,191
Loss for the half-year ended 30 June 2022	(1,372,108)	(576,684)	(1,948,792)

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. SEGMENT REPORTING (CONTINUED)

<u>Financial Position</u>	Singapore \$	Australia \$	Consolidated \$
30 June 2023			
Current assets	2,021,900	1,559,606	3,581,506
Non-current assets	1,370,165	-	1,370,165
Total assets	3,392,065	1,559,606	4,951,671
Total liabilities	2,244,744	441,479	2,686,223
31 December 2022			
Current assets	1,955,665	1,178,780	3,134,445
Non-current assets	467,162	-	467,162
Total assets	2,422,827	1,178,780	3,601,607
Total liabilities	1,288,279	261,462	1,549,741

Revenues from external customers in the Group's domicile, Australia, as well as its major markets, have been identified based on the customer's geographical location, are disclosed in Note 3.

NOTE 16. CONTINGENT ASSETS AND LIABILITIES

Contingent Consideration

As part of the acquisition of the business asset of a medical distribution business based in Korea which was completed on 30 March 2023, a portion of the consideration was determined to be contingent based on the performance of the target business. Please refer to Note 9 for the details.

As at 30 June 2023, the key performance indicators of target business showed that it was highly probable that the target would be achieved due to the revenue growth of the target business and the synergies realised. The fair value of the contingent consideration has been determined as \$300,000 as at 30 June 2023.

There were no other contingent liabilities or contingent assets as of 30 June 2023 (31 December 2022: nil).

NOTE 17. COMMITMENTS

The Group has expenditure commitments of \$1.8m over 3 years representing the required contribution to a research project developing jaw implants under a clinical-industrial partnership agreement signed in December 2021.

There were no other commitments as of 30 June 2023 (31 December 2022: nil).

NOTE 18. EVENTS SUBSEQUENT TO REPORTING PERIOD

No matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and financial liabilities in each category are as follows:

30 June 2023	Amortised Cost \$	Total \$
<i>Financial assets</i>		
Cash and cash equivalents	1,857,390	1,857,390
Trade receivables	461,209	461,209
Other assets	130,721	130,721
Inventories	303,383	303,383
Total financial assets	2,752,703	2,752,703
<i>Financial liabilities</i>		
Trade and other payables	2,633,438	2,633,438
Lease liabilities	52,785	52,785
Total financial liabilities	2,686,223	2,686,223
31 December 2022	Amortised Cost \$	Total \$
<i>Financial assets</i>		
Cash and cash equivalents	1,334,221	1,334,221
Trade receivables	830,717	830,717
Other assets	84,840	84,840
Inventories	279,163	279,163
Total financial assets	2,528,941	2,528,941
<i>Financial liabilities</i>		
Trade and other payables	1,475,563	1,475,563
Lease liabilities	74,178	74,178
Total financial liabilities	1,549,741	1,549,741

**Osteopore Limited and its Controlled Entities
Consolidated Interim Financial Report
For the half-year ended 30 June 2023**

DIRECTORS' DECLARATION

In the opinion of the Directors of Osteopore Limited and its controlled entities:

1. The financial statements and notes, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Mark Leong
Executive Chairman
31 August 2023



Independent Auditor's Review Report

To the Members of Osteopore Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Osteopore Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Osteopore Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss after tax of \$2,977,757 during the half-year ended 30 June 2023, and as of that date, the Group's operating cash outflows totalled \$1,946,493. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Partner, 31 August 2023