

ASX RELEASE | OSTEOPORE LIMITED

# ACTIVITIES UPDATE

## QUARTER ENDING MARCH 2020

Highlights:

- *Revenue of S\$270,000 (A\$313,000) for March 2020 quarter*
- *Revenue growth of 60% over Q1 2019*
- *To date, no significant impact of Covid-19 on product demand*
- *Ongoing business development in existing and new markets*
- *Australian TGA approval secured in April 2020*

**30 April 2020:** Osteopore Limited (ASX: OSX) (“**Osteopore**” or the “**Company**”), a medical device company commercialising a range of 3-D printed bioresorbable scaffolds for regenerative bone healing, is pleased to provide its Appendix 4C quarterly cash flow statement for the three-month period ending 31 March 2020.

### **Financial Performance**

During the March quarter, the Company generated sales of S\$270,000 (A\$313,000), a 60% improvement over Q1 sales in 2019. Osteopore has traditionally experienced lower sales in the March quarter each year due to the impact of the Lunar New Year in many of Osteopore’s key geographic markets.

While the macroeconomic environment continued to evolve over the quarter, sales remained strong and were not significantly impacted by COVID-19, with the demonstrated sales growth acting as an important indicator of demand for the company’s 3D printed bioresorbable implants.

Supply of materials used to produce Osteopore products continued to flow without interruption, and Osteopore’s manufacturing facility in Singapore remains fully operational. Osteopore continues to closely monitor all supply chain and logistics touchpoints.

### **Osteopore Included as “Essential Service”**

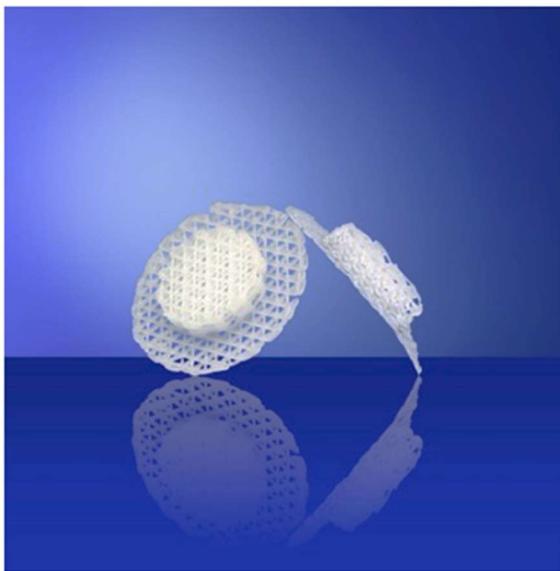
Osteopore was included as an “essential service” and will continue to be opened and operational during the recent Singapore shut down of all schools and most workplaces to stem the spike of local COVID-19 cases. Osteopore implemented the Enhanced Business Continuity Plan (BCP) to maintain operations with only essential staff.

To comply with expert health and government guidance, the company encouraged staff to work remotely if possible, postponed non-essential travel, increased the use of electronic and video communications and scheduled frequent cleaning and hygiene maintenance practices in our office and production facility. There have still been no reported COVID-19 cases among staff to date.

### **Successful Australian Therapeutics Good Administration (TGA)**

Osteopore received Australian Therapeutics Goods Administration (“TGA”) approval for its craniofacial products, Osteomesh, Osteoplug, and Osteoplug-C. Osteopore’s craniofacial products are used as bone void fillers for regeneration of natural bone and the products will also be included in the Prosthesis Listing in July 2020, after receiving acceptance for their application.

Obtaining TGA regulatory approval will allow Osteopore to make its products more broadly commercially available to doctors and hospitals across Australia, and the Company is continuing ongoing discussions with potential distribution partners.



*Osteoplug (left) and Osteomesh (right) now both approved for sales into Australia*

Osteopore CEO Goh Khoo Seng said: “We are delighted to have now received TGA approval for Osteoplug and Osteomesh, and this has now opened up the Australian market to Osteopore. Australia is a key market for the global expansion of our business, and we are excited to be able to continue to build our revenue streams in this market”

### **Outlook**

The company remains focused on implementing its global growth strategy to increase revenue and penetrate new markets with its existing bioresorbable scaffold products, as well as developing additional products across the therapeutic sector. While Osteopore expects to continue to experience ongoing revenue growth, the economic impacts and disruption to healthcare systems from the COVID-19 pandemic remain highly uncertain and difficult to predict. The Company’s business development team will continue to engage with potential distributors and customers in the US, Europe, Australia and China markets, to secure additional future revenue from these geographic markets. Osteopore is also undertaking ongoing improvements in its manufacturing systems and capacity, in order to be able to meet increased product demand from existing and new markets as it arises.

## **Use of Funds and Related Party Transactions**

The Company confirms that expenditure for the quarter is in accordance with the Use of Funds outlined in the Company's Prospectus dated 25 July 2019 and that there are no material variances from those expenditures.

Payments in the March quarter to related parties of \$199,000 included at Item 6 in the attached Appendix 4C comprised salaries and fees paid to executive and non-executive directors and their associated entities, accounting and company secretarial services and reimbursements.

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

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 bespoke products specifically engineered to facilitate 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 made from proprietary polymer formulations, that naturally dissolve overtime to leave only natural, healthy bone tissue, significantly reducing post-surgery complications that are commonly associated with permanent bone implants.

## **Forward Looking Statements**

Statements contained in this 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 a variety of factors.

## Appendix 4C

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

**Name of entity**

Osteopore Limited

**ABN**

65 630 538 957

**Quarter ended ("current quarter")**

31 March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	321	321
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(216)	(216)
(c) advertising and marketing	(263)	(263)
(d) leased assets	-	-
(e) staff costs	(216)	(216)
(f) administration and corporate costs	(204)	(204)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(577)</b>	<b>(577)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(124)	(124)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(e) intellectual property	-	-
(f) other non-current assets	-	-
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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(124)</b>	<b>(124)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(8)	(8)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(5)	(5)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(13)</b>	<b>(13)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,392	3,392
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(577)	(577)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(124)	(124)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(13)	(13)
4.5	Effect of movement in exchange rates on cash held	44	44
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,722</b>	<b>2,722</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,722	3,392
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,722</b>	<b>3,392</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
199
-

Payments made to Directors and Key Management Personnel related to:

1. Director and executive fees;
2. Company secretarial service;
3. Salary; and
4. Reimbursements

**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.*

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
505	505
<b>505</b>	<b>505</b>
	-

Other financing facilities relate to amount due to directors (\$65k), related party (\$334k) and other third parties (\$106k). All loans are subject to 0% interest, are unsecured and repayable on demand.

**8. Estimated cash available for future operating activities**

**\$A'000**

8.1 Net cash from / (used in) operating activities (Item 1.9)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

8.3 Unused finance facilities available at quarter end (Item 7.5)

8.4 Total available funding (Item 8.2 + Item 8.3)

**8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

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

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

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

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

## 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: 30 April 2020

Authorised by: By the Board

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(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.
6. Osteopore Pte Ltd (legal subsidiary) was acquired by Osteopore Limited (legal parent) on the 17 September 2019. Under AASB 3 Business Combinations, Osteopore Pte Ltd is the accounting acquirer as the transaction is deemed a reverse acquisition. The cash flows movements therefore represent the continuation of Osteopore Pte Ltd as the accounting parent from 1 January 2019 and Osteopore Limited as the accounting subsidiary from 17 September 2019.