

ASX RELEASE | OSTEOPORE LIMITED

December 2019 Quarterly Update and Appendix 4C

Highlights

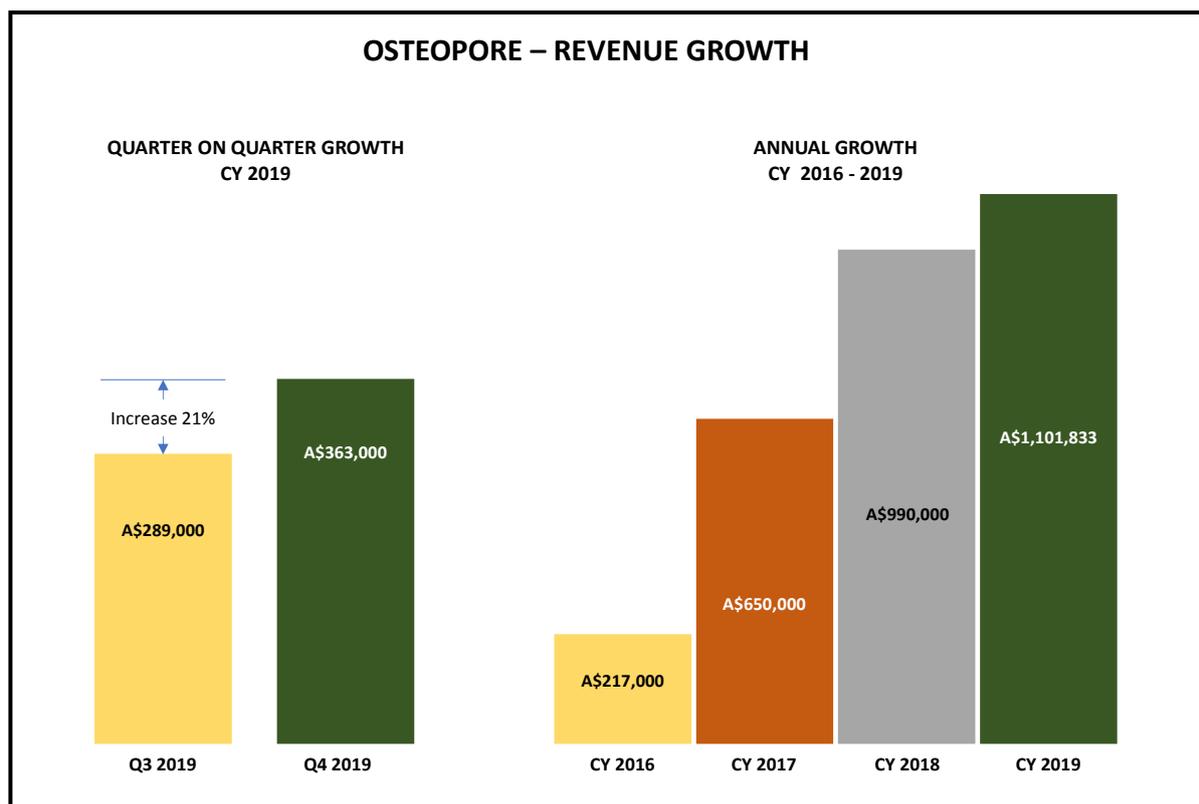
- *Significant quarterly revenue growth, increasing 21% over previous quarter to A\$363,000*
- *Highest calendar year revenue in the company's history at A\$1,101,833*
- *Strategic revenue initiatives implemented over the quarter to drive CY20 growth*
- *Established partnership for initial entry in the Chinese market*
- *Significant success in orthopaedic procedures*
- *Encouraging early stage results from clinical trial activities*

31 January 2020: Osteopore Limited (ASX: OSX) ("Osteopore" or the "Company"), is pleased to release its Appendix 4C quarterly cash flow statement for the three-month period ending 31 December 2019, which includes record quarterly and calendar year revenue growth and a number of significant operational and corporate achievements.

Financial Performance

Osteopore Limited delivered quarter on quarter revenue growth, with fourth quarter revenue increasing 21% to S\$337.5k (A\$363k) over Q3 2019 results. The results were primarily driven by record revenues in December, with over by S\$150k (A\$165k) of revenue for the month, following on from increased business development activity following the successful IPO.

These results are the highest in the company's history and bring the total CY2019 revenue to over S\$1,000,000, representing a 14% increase over CY2018 despite operational efforts during the year being focused on corporate development and the Company's IPO.



Osteopore CEO Goh Khoon Seng said, “We are very pleased with the continued momentum of Osteopore in the fourth quarter as we implement our global growth strategy to increase revenue and penetrate new markets. The Company is now well placed to deliver growth during CY20, with fourth quarter orders representing an important indicator of our increasingly in-demand offering as end-users embrace the company’s unique 3D printed bioresorbable implants”

Growth Initiatives Implemented

During the quarter, Osteopore increased investment and OPEX towards a number of initiatives that are expected to drive revenue growth and business development. These include increasing business development activities and recruitment of senior personnel to drive revenue growth, as well as increases in the Company’s production capability to address increased product demand.

In December, the Company appointed former President & CEO of Cochlear (ASX: COH) Jack O’Mahony as Board Advisor to assist the Company on strategic business development. Mr O’Mahony has over 40 years of global medical device experience. He successfully implemented a number of business growth strategies and infrastructure improvements at Cochlear, leading to rapid international growth and record revenue generation.

Osteopore further increased its business development team with the appointment of Mr Kean Sang Lee as Business Director. Mr Lee is a former senior Medtronic executive with over 20 years medical device sales experience. In addition, Osteopore has appointed an Australian based business development consultant in preparation for Australian TGA approval, expected in early Q2 2020, and subsequent distribution and sales.

The Company has also made significant progress on expansion of production capacity, with increased staffing, as well as ongoing increases of the company’s existing manufacturing cleanroom, ready for the supply and commissioning of additional 3D printers to raise output levels. Several additional 3D

printers have been purchased and these are expected to be delivered and commissioned in the second quarter of 2020.

Initial Entry into China

In November, Osteopore signed a Memorandum of Co-Operation (MoC) with Boao Yiling Life Care Centre (“Boao Yiling”) in the Boao Lecheng International Medical Tourism Pilot Zone, Hainan province, China. The agreement will see both companies co-operate on developing rhinoplasty procedures and securing National Medical Products Administration (NMPA) registration for Osteopore’s products in China.

Boao Yiling is a comprehensive medical institution that is part of the Yiling Group, a diversified Chinese hospital management group with more than 1300 regional service centres, providing medical plastic surgery, Traditional Chinese Medicine (TCM) outpatient clinics, and health management centres.

An initial order is undergoing administrative processes with Hainan NMPA and Sinopharm Group, a Chinese Government medical purchasing arm, for units to be used in initial trials for the purpose of training and generating data for China NMPA registration. It is expected that Osteopore’s aesthetic products will primarily be used for rhinoplasty procedures, with the potential for further expansion into additional procedures and therapeutic areas over time.

Clinical Success and Trials

In October, Osteopore was invited to the launch of ACCISS, the Australian Centre for Complex Surgical Solutions, at the Princess Alexandra Hospital in Brisbane, which highlighted the success of the ACCISS team and the PA Hospital in utilising Osteopore’s 3-D printed bioresorbable scaffold technology for the regeneration of over 30cm of a patient’s tibia 2 years after implantation. The clinical success of the medical team and the Osteopore technology was highlighted in media coverage of the ACCISS launch, including coverage by the national online and broadcast media.

Further orthopaedic success for the Osteopore scaffold was released in December by Dr Sultan Al-Maskari of Sultan Qaboos University Hospital, Oman, with demonstrated clinical success in tibia regeneration, which was reported by local Omani media.

Media coverage of the ACCISS launch and the Osteopore clinical product successes are online:

- <https://www.abc.net.au/news/2019-10-18/3d-printed-tibia-patient-walking-unaided-2-years-on-from-surgery/11617878>)
- <https://www.facebook.com/watch/?v=2454588938133234>)
- <https://timesofoman.com/article/2225535/Oman/Health/Oman-health-Medical-breakthrough-at-Sultan-Qaboos-University-Hospital>

Osteopore continued to investigate additional therapeutic applications for the Company’s technology platform. The Company is currently undertaking clinical trials for use of the Osteopore technology in the growing field of dental implants, where regeneration of the alveolar ridge height represents a significant unmet therapeutic need. Results of clinical trials are expected during 2020, which are a necessary requirement for gaining further regulatory clearance and reimbursement of the Osteopore products in this therapeutic application.

ENDS

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.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Osteopore Limited

ACN

630 538 957

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	198	733
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(135)	(862)
(c) advertising and marketing	(149)	(327)
(d) leased assets	(20)	(43)
(e) staff costs	(441)	(814)
(f) administration and corporate costs	(162)	(599)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	61
1.8 Other (provide details if material)	-	(688)
1.9 Net cash from / (used in) operating activities ¹	(708)	(2,541)

¹ Cash flow movements represent the continuation of Osteopore Pte Ltd (accounting parent) from 1 January 2019 and Osteopore Limited (accounting subsidiary) from 17 September 2019. For further details on acquisition accounting, please refer to Note 4 on page 5.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(58)	(137)
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other – cash acquired on acquisition of legal parent ²	-	5,315
2.6 Net cash from / (used in) investing activities³	(58)	5,178

² Amount represents cash of Osteopore Limited (accounting subsidiary) acquired by Osteopore Pte Ltd (accounting parent) on completion of the acquisition, being 17 September 2019. This amount includes \$5.5 million raised under Osteopore Limited's Replacement Prospectus dated 25 July 2019, less payments as at 17 September 2019. For further details on acquisition accounting, please refer to Note 4 on page 5.

³ Cash flow movements represent the continuation of Osteopore Pte Ltd from 1 January 2019 and Osteopore Limited from 17 September 2019. For further details on acquisition accounting, please refer to Note 4 on page 5.

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	1,042
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(15)	(15)
3.5 Proceeds from borrowings	-	113
3.6 Repayment of borrowings	(637)	(716)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – IPO costs	(32)	(230)
3.10 Net cash from / (used in) financing activities⁴	(684)	194

⁴ Cash flow movements represent the continuation of Osteopore Pte Ltd from 1 January 2019 and Osteopore Limited from 17 September 2019. For further details on acquisition accounting, please refer to Note 4 on page 5.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4,879	584
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(708)	(2,541)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(58)	5,178
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(684)	194
4.5 Effect of movement in exchange rates on cash held	(37)	(23)
4.6 Cash and cash equivalents at end of quarter	3,392	3,392

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	3,392	4,879
5.2 Call deposits	-	-
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)	3,392	4,879

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	161
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments made to Directors relate to:

1. Director and executive fees;
2. IPO and acquisition related costs;
3. Company secretarial service; and
4. Reimbursements

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	99
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payments made to Key Management Personnel relates to salary and reimbursements.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other	446	446
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Other financing facilities relate to amount due to directors (\$66k), related party (\$311k) and shareholders (\$69k). All loans are subject to 0% interest, are unsecured and repayable on demand.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	43
9.2 Product manufacturing and operating costs	27
9.3 Advertising and marketing	64
9.4 Leased assets	43
9.5 Staff costs	418
9.6 Administration and corporate costs	54
9.7 Other (provide details if material)	43
9.8 Total estimated cash outflows	692

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

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.

Sign here:



(Company secretary)

Date: 31 January 2020

Print name: Deborah Ho

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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. 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.