

ASX RELEASE | OSTEOPORE LIMITED

## COMPANY UPDATE – OCTOBER 2019

### Highlights

- The Company commenced trading on the ASX on 23 September 2019 following a successful IPO, raising \$5.25m at \$0.20 per share from a broad range of institutional, high net worth and sophisticated investors.
- Contemporaneously with the IPO, the Company successfully completed the acquisition of Osteopore International Pte Ltd, the Singaporean trading entity that owns and has commercialised the Osteopore 3-D printed scaffold for regenerative bone healing.
- Revenue for the September quarter was A\$298,000 with sales returning to prior year levels after completion of IPO preparation.
- The Company is now well positioned to execute its growth objectives, with key initial focus on building sales revenue in existing Asian markets and building distribution and sales relationships in new geographic markets in the USA and EU, where Osteopore's products have already secured regulatory clearances.
- Osteopore and Terumo BCT, a subsidiary of Terumo Corporation, are jointly progressing application development in the area of alveolar ridge augmentation (dental surgery) with a patient specific, second generation implant.

**31 October 2019: Osteopore Limited (ASX: OSX) ("Osteopore" or the "Company")**, a revenue generating medical technology company that has commercialised a range of patented 3D printed bioresorbable products, specifically engineered to facilitate natural bone healing, is pleased to provide the following update of its recent operational and corporate achievements.

### OSX commenced trading following its successful IPO

Osteopore listed on the ASX on 23 September 2019 following a well-supported and successful IPO. The Company raised \$5.25 million before costs with strong support from a broad range of institutional, high net worth and sophisticated investors. Under the IPO, a total of 26,250,000 fully paid ordinary shares were issued at \$0.20 per share and the Company listed with a market capitalisation of approximately \$20.2 million.

The Company is pleased with the support it has received from ASX investors and the share price has continued to trade well above the \$0.20 IPO price.

### Investor engagement and media coverage

Since listing on the ASX, Osteopore has embarked on an investor engagement program to generate awareness about the company. Executive Director Geoff Pocock recently presented at the TechKnow Invest Roadshow in Sydney and Melbourne, along with the Annual Microcap Conference in Melbourne. Videos from these presentations will be available on the Osteopore website. The Company has also met with a number of brokers, healthcare analysts and institutional investor groups across Sydney, Melbourne and Brisbane over the four weeks since the Company's IPO.

The unique nature of Osteopore's products and procedures also generated a high level of media coverage surrounding the IPO, with recent ABC News coverage<sup>1</sup> of bone regenerative success with 30cm tibia reconstruction using Osteopore scaffold technology in Australia.

Osteopore is also pleased to advise that the Company has recently received a number of awards at the Brands for Good 2019 awards ceremony held in Singapore. Osteopore was awarded the 'Champion for Patent Improving Lives 2019' and 'Winner for Community 2019'.

### **Financial performance**

Osteopore International has continued to generate sales over the course of the year, with third quarter sales of S\$277k (A\$298k) and year to date sales of S\$678k (A\$730k). Sales performance and revenue growth slowed over 2019 due to management's focus on the IPO process and capital raising activities. Cash receipts (as reported in quarterly cashflow statements) trail sales revenue as a consequence of revenue growth and ordinary trading terms.

### **Research & development**

Osteopore is committed to ongoing technology and product development which aims to maintain Osteopore's technical leadership in the sector. Osteopore currently has a number of key research and development relationships with world class institutions across a number of jurisdictions.

Osteopore and Terumo BCT, a subsidiary of Terumo Corporation, are jointly progressing application development in the area of alveolar ridge augmentation (dental surgery) with a patient specific, second generation implant. This application will incorporate Osteopore's technology and Terumo's Adiprep<sup>®</sup> Adipose Concentration System. This new approach is based on the combination of autologous adipose mesenchymal stem cells and growth factors, and Osteopore's pipeline product: the PCL-TCP implant. If successful, the results will lay the foundation for a first-in-man application in this area using this novel combination approach.

Osteopore continues to progress a number of research and development initiatives in the cranioplasty, orbital reconstruction and dental market segments.

### **Outlook**

Following on from the success of the IPO and with the IPO proceeds now available for business development, the Company is now in a strong position to deliver progress across all operations during the December 2019 quarter and onwards. Key operational objectives in the immediate term are:

- Increasing sales and market penetration in existing markets in Asian region;
- Development of new sales and distribution networks for sales penetration into the US and EU markets;
- Securing additional international regulatory clearances, including Australian TGA approval; and
- Continued progress on clinical trials and associated regulatory filings for new therapeutic areas (dental, orthopaedic).

### **ENDS**

<sup>1</sup> [www.abc.net.au/news/2019-10-18/3d-printed-tibia-patient-walking-unaided-2-years-on-from-surgery/11617878](http://www.abc.net.au/news/2019-10-18/3d-printed-tibia-patient-walking-unaided-2-years-on-from-surgery/11617878)

For further information, media or investor enquiries, please contact:

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**About Osteopore Limited**

Osteopore Limited 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 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

**ABN**

65 630 538 957

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

30 September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	204	535
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(157)	(727)
(c) advertising and marketing	(97)	(178)
(d) IP and patent costs	(1)	(23)
(e) staff costs	(196)	(373)
(f) administration and corporate costs	(141)	(438)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	5	61
1.8 Other – IPO costs	(510)	(688)
<b>1.9 Net cash from / (used in) operating activities<sup>1</sup></b>	<b>(892)</b>	<b>(1,833)</b>

<sup>1</sup>cash flows 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.

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(69)	(79)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(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 <sup>2</sup>	5,315	5,315
<b>2.6 Net cash from / (used in) investing activities<sup>3</sup></b>	<b>5,246</b>	<b>5,236</b>

<sup>2</sup>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 \$5.25m 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.

<sup>3</sup>cash flows 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.

<b>3. Cash flows from financing activities</b>		
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	-	-
3.5 Proceeds from borrowings	-	113
3.6 Repayment of borrowings	(5)	(79)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – IPO costs	(198)	(198)
<b>3.10 Net cash from / (used in) financing activities<sup>4</sup></b>	<b>(203)</b>	<b>878</b>

<sup>4</sup>cash flows 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.

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	718	584
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(892)	(1,833)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	5,246	5,236
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(203)	878
4.5 Effect of movement in exchange rates on cash held	9	14
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>4,879</b>	<b>4,879</b>

<b>5. 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	4,879	718
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,879</b>	<b>718</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	395
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	

During the quarter, payments made to directors and their related entities related to:

1. director and executive fees;
2. IPO and acquisition related costs;
3. company secretarial services; and
4. reimbursements.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	35
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 related to salary and reimbursements paid to Key Management Personnel.

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other	775	775
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.		

Relates to amount due to directors (\$334k), related party (\$315k) and shareholders (\$126k). All loans are subject to 0% interest, are unsecured and repayable on demand.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(86)
9.2 Product manufacturing and operating costs	(110)
9.3 Advertising and marketing	(91)
9.4 Leased assets	(19)
9.5 Staff costs	(424)
9.6 Administration and corporate costs	(104)
9.7 Other (provide details if material)	(13)
<b>9.8 Total estimated cash outflows*</b>	<b>(847)</b>

\*excludes cash receipts from sales

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 October 2019

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.