

Osteopore[®]

Q4 CY23 Quarterly Report

31 January 2024



ASX: OSX



Quarterly highlights

Osteopore Limited (ASX:OSX) (“**Osteopore**” or the “**Company**”), a revenue-generating manufacturer of regenerative implants that empower natural tissue regeneration, is pleased to release its quarterly results and Appendix 4C Quarterly Cash Flow Report for the three months ending 31 December 2023.



Quarterly revenue growth continues, culminating in strong FY revenues

Osteopore’s revenue growth continues into Q4 CY23, culminating in record FY revenues of A\$2,217,409 (S\$1,978,476)



Osteopore achieves milestone of 100,000 implants

Osteopore achieves milestone of 100,000 implants, ~80% achieved over the last 4 years (2019-2023)



Strategic cost reduction initiative and internal realignment

Osteopore conducts cost reduction initiatives, reduces workforce by 1/3, cost rationalisation on R&D activities

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Osteopore continues to work towards creating the right ecosystem for revenue growth, culminating in yet another strong quarter for the business, in which revenues grew 61% YoY in Q4 CY23.

We are staying focused on revenues – while driving down costs – to lay the foundations for our company’s future. We continue to explore a range of funding options to replenish working capital, strengthen our financial base, as well as seek strategic partnerships.

The business has achieved a significant milestone of 100,000 implants. We thank all surgeons, patients and partners for the trust in our technology. We look forward to serving more patients around the world and create a wider impact for the healthcare ecosystem.

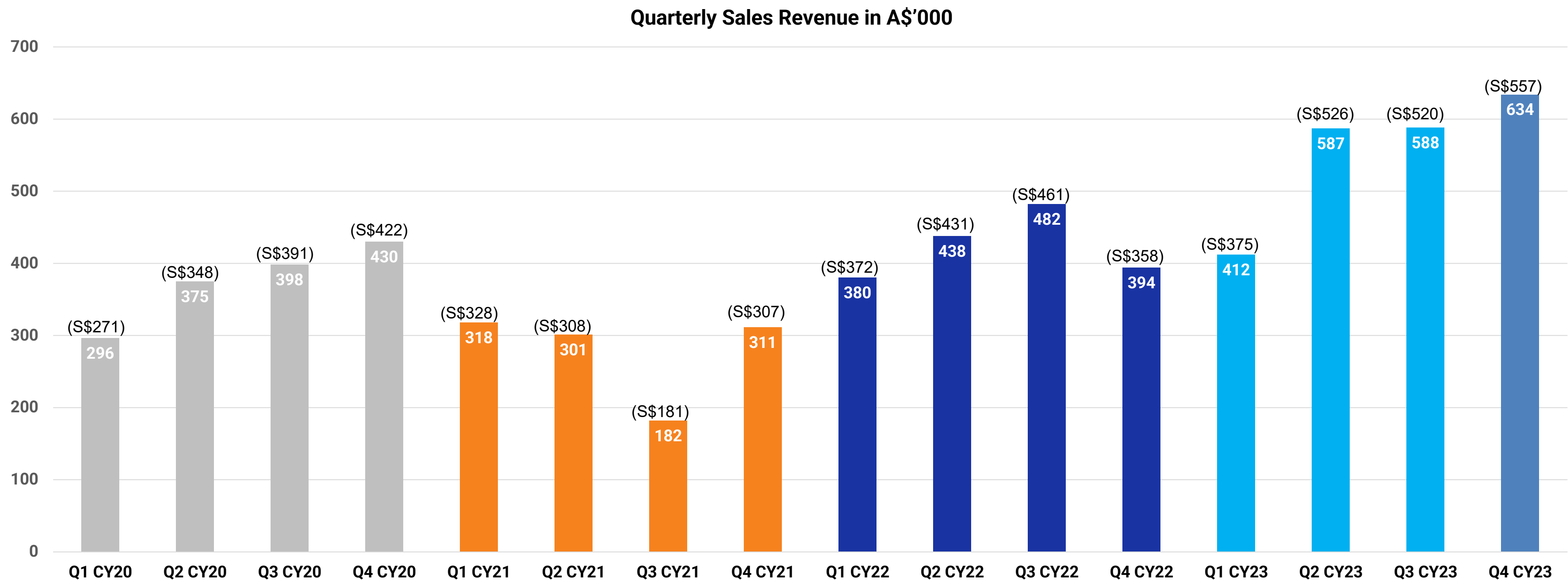
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Mark Leong
Executive Chairman



Osteopore's revenue growth persisted into Q4 CY23 with revenues growing 61% YoY, achieves record FY revenue A\$2,217,409 (S\$1,978,476)

Osteopore's unbroken streak of quarterly revenue growth culminated in a 61% YoY increase in Q4 revenues to A\$634,009 (S\$556,752)



* A\$/S\$: Average exchange rate of each quarter is obtained from

<https://www.rba.gov.au/>

Osteopore's growth persisted into Q4 CY23 with revenues growing 61% YoY

- Osteopore's **Q4 CY23** revenues surpassed those of our record quarter in **Q2 CY23**
- Sustained quarterly revenue growth validates our commitment towards **staying focused on revenues and cost controls**
- The momentum we've built in FY23 on the back of a record-breaking Q2 CY23, **positions Osteopore well for Q1 2024**
- Q4 CY23 **signifies an unbroken streak of quarterly revenue growth** for Osteopore
- **Osteopore's unbroken streak culminated in a 31% YoY increase** in FY revenues to A\$2,217,409 (S\$1,978,476)

Osteopore achieves important 100,000 implant milestone ¹

- Despite global headwinds, Osteopore achieves an important milestone of 100,000 implants; **almost 80% of these implants are achieved on the back of its commercialisation efforts over the last 4 years (2019-2023)**
- **Osteopore thanks all surgeons, patients, and partners for the continued trust in the technology**, and for being part of the journey
- Osteopore has commercialised its technology from September 2019, and has grown its product adoption steadily despite global headwinds such as the pandemic, poor macroeconomic conditions (2022-2023), and a major overhaul in the European regulatory environment
- Osteopore's technology is supported by ~30 clinical publications ²; its products are **supported through reimbursement by** the most prominent medical scheme in South Africa, **Discovery Health Medical Scheme** ³, leading to a year-on-year doubling in sales in the country ⁴

¹ ASX announcement: 'OSX achieves 100k implants, to accelerate commercialisation', 29 January 2024

² ASX announcement: 'Investor Presentation', 1 August 2023

³ ASX announcement: 'Largest South African Medical Insurer provides cover for OSX', 16 May 2023

⁴ ASX announcement: 'Activities Update Qtr Ending September 2023 and Appendix 4C', 31 October 2023

Strategic cost reduction initiatives and internal realignment

- Osteopore has **reduced its workforce by 1/3** as part of a strategic cost reduction exercise
- To further manage costs, selective cost rationalisation on certain R&D activities
- To **support the growth of product lines** that target significant market opportunities ⁵, Osteopore has realigned the focus of its sales, marketing, and business units
- In addition, Osteopore has realigned its business in key regions to **improve its compatibility and flexibility to work with a wider array of partners**

Professional society engagement and recognition



2023 ASEAN ORL-HNS Congress, Vietnam

The ASEAN ORL-HNS Congress was an unforgettable experience. Dr Valerie Tay delivered an enlightening lecture, sharing her invaluable insights and experiences with polycaprolactone mesh (Osteomesh) in Asian Septorhinoplasty. Thanks to our Vietnamese distributor – Vihan - for their kind hospitality.



33rd Annual Conference of the Oculoplastic Association, India

Osteopore was delighted to participate in the 33rd Annual Conference of the Oculoplastic Association of India. Thank you to Professor Gangadhara Sundar for introducing Osteopore to the plethora of Osteomesh users across the orbital floor reconstruction space.



2023 Asian Shoulder Group Meeting, Singapore

Osteopore clinical advisor Dr James Tan delighted the crowd at the Asian Shoulder Group Meeting with his presentation on 'Mechanical Augmentation of Rotator Cuff Repair with Bioresorbable PCL Mesh'. Dr Tan shared his knowledge and expertise with the best and brightest across Asia.



24th Annual Conference of the Skull Base Surgery Society, India

The Conference was abuzz with people keen to learn about Osteomesh's impact on endoscopic transsphenoidal skull base surgery, and its game-changing low infection and inflammation rates. Shoutout to Dr Chaiyot Siangprasertkij for his presentation on the 'Taksin Skull Base Repair Technique' (TSBRT).

Appendix 4C - Quarterly cashflow report

Corporate and financial summary

The attached Appendix 4C provides details of the cashflows for the quarter that ended 31 December 2023.

As of 31 December 2023, the Company has a cash balance of approximately A\$1,115,000.

The Company's net cash used in operating activities during the quarter amounted to approximately A\$630,000, which is significantly lower compared to the previous quarter (approximately A\$979,000).

The reduction is mainly attributable to reduction in marketing related expenses due to tighter cost control by the Company, as well as lower staff costs and administration costs as some payments have been deferred to January 2024.

The Company made payments for research and development amounting to approximately A\$70,000 during the quarter, compared with approximately A\$133,000 in the previous quarter. These payments are mainly related to regulatory testing for China and the ongoing project with the National Dental Centre (Singapore) and A*STAR.

Product manufacturing and operating costs increased compared to the previous quarter due to the payment for stocks purchased by the Korea subsidiary while waiting for the Ministry of Food & Drug Safety (MFDS) certificate transfer.

On 28 December 2023, the Company entered into a bridging loan agreement with Advance Opportunities Fund I (Lender), for a bridging loan of S\$1,000,000 to the Company. Refer to ASX announcement dated 28 December 2023 for the key terms of the bridging loan.

Related party transactions

Payments in the December quarter to related parties of approximately A\$45,000 at Item 6 in the attached Appendix 4C, comprised director fees and salaries.



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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 December 2023

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	581	2,041
1.2 Payments for		
(a) research and development	(70)	(281)
(b) product manufacturing and operating costs	(316)	(678)
(c) marketing, business development & investor relations (including allocated staff costs)	(381)	(2,250)
(d) leased assets	(26)	(98)
(e) staff costs (other than allocated staff costs under note 1.2(c))	(240)	(1,405)
(f) administration and corporate costs	(322)	(1,264)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	7
1.5 Interest and other costs of finance paid	(3)	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	147	354
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(630)	(3,583)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(8)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) investments	-	-
	(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	-	-
2.6	Net cash from / (used in) investing activities	(2)	(8)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,689
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(170)
3.5	Proceeds from borrowings	1,112	1,112
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(184)	(184)
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	928	3,447

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	825	1,334

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(630)	(3,583)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	928	3,447
4.5	Effect of movement in exchange rates on cash held	(6)	(75)
4.6	Cash and cash equivalents at end of period	1,115	1,115

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	1,110	820
5.2	Call deposits	5	5
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)	1,115	825

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

Current quarter \$A'000
45
-

Payments made to Directors related to:

1. Non-executive director fees and superannuation;
2. Executive director fees

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
7.1 Loan facilities	1,112	1,112
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,112	1,112
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.		

The Company has entered into a bridging loan agreement with Advance Opportunities Fund I (Lender), for a bridging loan of S\$1,000,000 to the Company. Refer to ASX announcement dated 28 December 2023 for the key terms of the bridging loan.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(630)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,115
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,115
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.77

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

- 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: With the estimated growth in sales and the various cost reduction initiatives, the Company is expected to have lower net operating cash flow level, after the previous long outstanding payables are cleared.

- 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: The Company expects to meet its operational costs from proceeds from sales to customers, existing reserves, and as required from additional funding. With reference to the acquisition completed in March 2023 (refer to the Company's ASX announcement dated 30 March 2023), the Company has been showing a boost in revenue and higher receipts from customers. The Company also has the ability to obtain further cash funds through the issue of equity securities, when it is required.

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company does expect to be able to continue its operations and meet its objectives through a combination of sales to customers, existing reserves, and potential to obtain future capital through the issue of equity and/or debt, when it is required.

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: 31 January 2024

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 – e.g., 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.