

# OSTEOPORE COMPLETES ACQUISITION TO ACCELERATE REVENUE GROWTH IN THE AESTHETIC SEGMENT

## Highlights:

- *Osteopore officially acquires multiple medical distribution businesses, which on a group basis will represent around 40%-45% of global sales, and is anticipating a boost in revenue primarily from its aesthetic rhinoplasty product line.*
- *In 2022, the Target Businesses contributed S\$705,800 (approximately A\$736,173), out of the total revenue of the Company of S\$1,622,562 (approximately A\$1,692,387).*
- *Acquisition expected to boost revenue in the aesthetic businesses through higher margins, improved efficiencies, and shared resources.*
- *Vertically integrated business model allows control over direct retail sales, particularly in key markets like South Korea.*
- *Osteopore gains an internal sales team with local knowledge, supporting deeper penetration into the global aesthetic market.*
- *Company aims to leverage new resources for competitive advantage, improved product offerings, and enhanced customer satisfaction.*
- *Osteopore targets sales growth beyond pre-pandemic levels, with potential for sustained growth through vertical integration.*

**31 March 2023: Osteopore Limited** (ASX: OSX) (“Osteopore” or the “Company”), a global leader in the manufacture of innovative regenerative implants that empower natural tissue regeneration, is pleased to announce that completion has occurred in respect of its acquisition of multiple medical distribution businesses (“Target Businesses”) as announced to ASX on 23 January 2023, which on a group basis, will represent around 40%-45% of the Company's total (group) sales globally.

This acquisition is a strategic step towards increasing the aesthetic (rhinoplasty) revenue segment and accelerating the path towards profitability. By gaining a vertically integrated business model, Osteopore can control direct retail sales in key markets such as South Korea. This eliminates the distribution layer between our Company and its end customers, which is envisaged to enable the Company to achieve higher revenue and increased margins.

The Target Businesses historically contributed approximately 50%-60% of total sales revenue until the COVID-19 pandemic began, where its share dropped to approximately 40%-45%. In 2022, the revenue generated from the Target Businesses was S\$705,800 (approximately A\$736,173), which represented 43% of the total revenue of the Company of S\$1,622,562 (approximately A\$1,692,387). Osteopore believes that in conjunction with increased margins on current sales, there is encouraging potential to grow sales across the Target Businesses to levels beyond the pre-pandemic period.

Executive Chairman, Mark Leong said: *“We view this acquisition as strategic, as this puts us firmly in driving sales in the exciting aesthetic market and in particular, our rhinoplasty applications. We are confident that this acquisition will provide significant benefits, including a faster timeframe to reach profitability, improved efficiencies, enhanced market position, competitive advantage, and sustained growth. We would like to take this opportunity to express our gratitude to our shareholders for their continued support, and we look forward to delivering positive outcomes as a result of this acquisition.”*

Mr Lim Jae Hoon (“Vendor”) said: *“After working with the Osteopore technology and team over the past half a decade, I am positive about further penetration in existing regions and driving adoption in new markets. With more targeted and aligned marketing and sales effort with the team, I am excited about future prospects.”*

### **Entering a period of growth and expansion**

Osteopore is anticipating a boost in revenue from its aesthetic segment starting shortly after completion. Acquiring the Target Businesses present several commercial benefits for Osteopore, some of these are:

**Higher margins:** Osteopore is now vertically integrated, giving the Company control over direct retail sales processes in critical markets like South Korea. As a result, Osteopore will now earn higher revenue per product sold, by removing the distribution layer between the Company and its end customers.

**Improved efficiencies:** The acquisition is expected to enable Osteopore to benefit from shared resources such as distribution networks, research, and development. By consolidating these resources, Osteopore believes it can improve selling efficiencies.

**Internal sales team:** Osteopore onboards a sales team with local knowledge and networks that will support the Company's strategy for deeper penetration into the global aesthetic market in 2023 and beyond. This is expected to allow Osteopore to broaden its customer base, boost sales, and strengthen its market position, ultimately leading to improved revenue.

**Competitive advantage:** The Company believes it can leverage its new resources and expertise to improve product offerings, drive innovation, and enhance customer experience, with a view to positioning itself as a market leader in the industry. The Company believes it will also allow Osteopore to create a more competitive pricing strategy to attract and retain customers.

**Potential for growth:** Osteopore aims to grow sales across the Target Businesses to levels beyond the pre-pandemic period, in conjunction with increased margins on current sales. This growth potential, combined with the benefits of vertical integration, presents significant opportunities for Osteopore to achieve sustained growth.

### **Asset Purchase Deed – Key Terms**

The terms of the acquisition were as per the Company's announcement dated 23 January 2023.

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

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### **About Osteopore Limited**

Osteopore Ltd is an Australia and Singapore based medical technology company commercialising a range of products specifically engineered to facilitate 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 dissolve over time to leave only natural, healthy bone tissue, significantly reducing post-surgery complications commonly associated with permanent bone implants. Our 3D printer technology is not available in the market and unique to Osteopore.

### **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 various factors.