

# RECORD SALES FOR FULL YEAR FINANCIAL PERFORMANCE

## Highlights:

- *Osteopore achieved revenue of S\$358,777 (A\$393,370) for Q4 CY22.*
- *Q4 CY22 revenue resulted in total unaudited 2022 calendar revenue of A\$1,692,387, the highest yearly revenue in Osteopore's history.*
- *Record revenue was achieved despite the ongoing challenges posed by the COVID-19 pandemic early in the year, and is a direct result executing our commercial strategy.*
- *2023 outlook remains exciting, with organic revenue growth expected to be boosted by increased revenue and margins from Osteopore's acquisition of multiple distribution businesses currently responsible for approximately 40%-45% of total sales globally.*
- *Secured growth funding to support continued organic revenue growth momentum, pursue new distribution agreements, and implement global marketing campaigns and customer acquisition initiatives.*
- *Osteopore's dental mesh (Osteomesh) and dental plug (Osteoplug) implants were approved for marketing and sales by the Indonesian Ministry of Health.*
- *Signed an exclusive Distribution Agreement with Avero Mednav Sdn Bhd (Avero), to promote and sell the Company's Oral and Maxillofacial products within Malaysia.*

**31 January 2023: 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 cash flow statement for the three-month period ending 31 December 2022.

## Record full year financial performance

Osteopore achieved S\$358,777 (A\$389,084) in revenue for Q4 CY22 and ended the quarter with A\$1,329,018 cash on hand. This resulted in Osteopore achieving its highest yearly revenue in the Company's history, totalling an unaudited A\$1,692,387 for the 2022 calendar year. Despite the ongoing challenges posed by the COVID-19 pandemic early in the year, the Company has been able to successfully navigate the market and continue to achieve our financial goals. We would like to thank our shareholders, employees, and partners for their continued support and look forward to another successful year ahead.

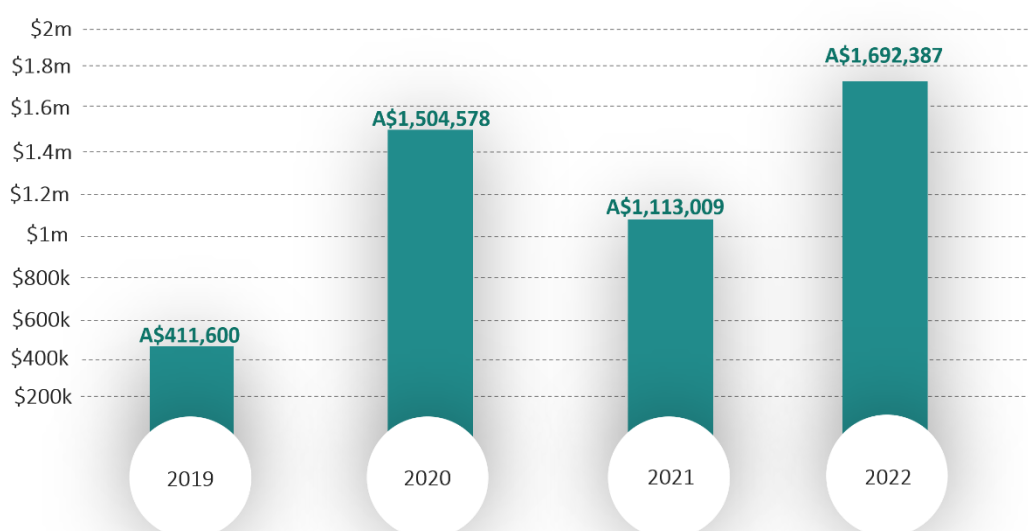
The Company is particularly excited about the progress we have made in the area of craniotomy solutions, where our Osteoplug and Osteostrip are used in combination to improve the connectivity of the bone flap, removed during skull surgery, with the surrounding skull bone. We are also confident

that our aesthetic business (rhinoplasty) will continue to grow and be a major contributor to our future success.

The outlook for 2023 remains very exciting. Organic revenue growth is expected to continue as the Company increases engagement with hospitals, surgeons and healthcare decision makers. We are also intensifying in-person sales training and additional global distribution agreements are anticipated to be secured throughout 2023.

Importantly, Osteopore recently entered a binding asset purchase deed to acquire multiple medical distribution businesses that are currently responsible for approximately 40%-45% of the Company's total sales globally. This acquisition will result in greater revenue and increased margins across 2023, due to removing the distribution layer between Osteopore and its end customers. We will also continue to investigate the viability of additional potential acquisitions and partnership opportunities that supercharge revenue growth.

### OSTEOPORE CALENDAR YEAR REVENUE



Osteopore's Executive Chairman, Mark Leong said: *"Our record financial performance is not an accident, it's the result of strategic planning, consistent execution and is testament to the hard work, dedication, and vision of Osteopore's leadership team and employees. The Company has a clear understanding of its industry and market, and we were able to navigate through the challenges over the past year while maintaining a strong focus on efficiency, growth and eventual profitability. We are focused on putting the Company on an accelerated path of being cashflow positive."*

#### Quarter-on-quarter performance

The slight decline in Q4 CY22 revenue was mainly due to a temporary pause in sales across the European Union from 01 June 2022, directly related to a delay in transitioning to the Medical Devices Regulation 2017/745 (MDR). The new EU Medical Device Regulation 2017/745 is replacing the Medical Device Directive (MDD) and the Active Implantable Medical Devices Directive (AIMDD).

Osteopore is still waiting to be issued the MDR certificate (expected in February-March 2023), which will allow continued regulatory compliance and business continuity in the European Union. And while the European Union makes up only a small majority of total sales, the Company recently achieved first

sales in Spain and experienced encouraging growth in Switzerland and Portugal - demonstrating strong adoption in Europe before the disruption.

The transition to MDR has been a difficult process for the European Union to implement, with the European Union Health Commissioner proposing to provide an extended transition period to the Medical Devices Regulation (MDR) by three to four years to prevent product shortages<sup>1</sup>. As of April 2022, it was estimated that MDR certificates have not been issued for >85% of the >500,000 devices previously certified under the MDD or AIMDD, and review was still ongoing for 70% of submitted industry applications<sup>2</sup>.

### **Growth funding raised**

During the quarter, Osteopore received binding commitments from sophisticated and existing investors to raise a total of A\$1,000,000 (Placement) at A\$0.15 per share, with one (1) free attaching option for every one (1) new share subscribed for. The issue price of A\$0.15 represented a 25% discount to Osteopore's closing share price of A\$0.20 and a 20.6% discount to the 15-day volume weighted average price of A\$0.189.

Funds raised from the Placement are being used to support revenue momentum, pursue new distribution agreements expected in the near term, implement global marketing campaigns and customer acquisition initiatives. In addition to this, proceeds will be used to develop and launch new products, advance multiple on-going clinical trials to secure new regulatory clearances, support the continued improvement of Osteopore's world leading manufacturing process and provide capacity for continued exploration of potential partnerships and acquisition opportunities.

### **Osteopore entered the Indonesian dental market**

In December, Osteopore's dental mesh (Osteomesh) and dental plug (Osteoplug) implants were approved for marketing and sales by the Indonesian Ministry of Health. The Indonesian Dental Services Market is expected to generate revenue worth USD ~4.0Bn by 2026<sup>3</sup>, driven by the increasing prevalence of teeth disorders, rising demand for aesthetic Industry and the high insurance coverage across the country.

Osteopore is excited about the opportunity for its dental plug, a conical shaped 3D printed bioresorbable scaffold made of PCL for fresh dental extraction sockets which has been proven to eliminate or limit the negative effect of post extraction bone resorption<sup>4</sup>. Currently, patients requiring dental implants have to wait 3-6 months for bone to grow in the tooth socket after extraction. The Company aims to deliver a shorter and reliable process with the plugs, which have been clinically demonstrated to maintain bone socket height and width<sup>4</sup>.

### **Osteopore enters Malaysian Oral & Maxillofacial market**

Osteopore signed an exclusive Distribution Agreement with Avero Mednav Sdn Bhd (Avero), to promote and sell the Company's Oral and Maxillofacial products within Malaysia. Avero is a Malaysian company which distributes a range of specialised medical equipment. It has an established network of health professionals, hospitals and health services, as well as the sales and client support needed for Osteopore to drive uptake amongst surgeons within the sector.

Under the terms of the two-year exclusive agreement, Avero will market and sell Osteopore's innovative Osteomesh and Osteoplug products. Both products already have Malaysian regulatory approval, meaning Avero can begin efforts to engage with doctors and hospitals immediately.

## **Corporate and financial summary**

The attached Appendix 4C provides details on the cashflows for the quarter ended 31 December 2022. As at 31 December 2022 the Company had a cash balance of A\$1,329,018. The Company's net cash used in operating activities for the quarter amounted to A\$918,000 and included expenditure on staff costs A\$505,000 and administration and corporate costs A\$483,000.

## **Related party transactions**

Payments in the December quarter to related parties of A\$54,000 included at Item 6 in the attached Appendix 4C, comprised director fees and salary.

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

For more information, please contact:

### **Mark Leong**

Executive Chairman

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## **About Osteopore Limited**

Osteopore Ltd is an Australian 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.

## **References**

**1:** Medtechdive.com - EU Health Commissioner proposes MDR delay to prevent medical device shortages - Published Dec. 23, 2022

**2:** MedTech Europe Survey Report – Analysing the availability of Medical Devices in 2022 in connection to the Medical Device Regulation (MDR) implementation

**3:** Kushwaha, D. (2022b, September 26). Dental Equipment Manufacturers in Indonesia | Dental Clinics Services in Indonesia. Ken Research. <http://www.kenresearch.com/blog/2022/09/smiling-dental-clinic-dental-servicesrevenue/>

**4:** Goh BT, Teh LY, Tan DB, Zhang Z, Teoh SH. Novel 3D polycaprolactone scaffold for ridge preservation-a pilot randomised controlled clinical trial. Clin Oral Implants Res. 2015 Mar;26(3):271-7. doi: 10.1111/clr.12486. Epub 2014 Sep 27. PMID: 25263527

## 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 2022

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 307                                | 1,272   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              | (15)                               | (19)  |
| (b) product manufacturing and operating costs             | (100)                              | (473)   |
| (c) advertising and marketing                             | (160)                              | (898)   |
| (d) leased assets   | -                                  | -   |
| (e) staff costs   | (505)                              | (2,277)   |
| (f) administration and corporate costs                    | (483)                              | (1,683)   |
| 1.3 Dividends received (see note 3)                       | -                                  | -   |
| 1.4 Interest received                                     | 1                                  | 6   |
| 1.5 Interest and other costs of finance paid              | -                                  | -   |
| 1.6 Income taxes paid                                     | -                                  | -   |
| 1.7 Government grants and tax incentives                  | 37                                 | 110   |
| 1.8 Other (provide details if material)                   | -                                  | -   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(918)</b>                       | <b>(3,962)</b>                                  |

|  |     |      |
|--|-----|------|
| <b>2. Cash flows from investing activities</b> |     |      |
| 2.1 Payments to acquire:                       |     |      |
| (a) entities                                   | -   | -    |
| (b) businesses                                 | -   | -    |
| (c) property, plant and equipment              | (3) | (78) |
| (d) investments                                | -   | -    |

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$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>(3)</b>                 | <b>(78)</b>                            |

|   |            |              |
|---|------------|--------------|
| <b>3. Cash flows from financing activities</b>  |            |              |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities)       | 945        | 945          |
| 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 | -          | -            |
| 3.5 Proceeds from borrowings  | -          | -            |
| 3.6 Repayment of borrowings   | -          | (16)         |
| 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>945</b> | <b>(929)</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                            | 1,315 | 4,530   |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (918) | (3,962) |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|--|------------------------------------|---|
| 4.3   | Net cash from / (used in) investing activities (item 2.6 above)  | (3)                                | (78)  |
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | 945                                | 929   |
| 4.5   | Effect of movement in exchange rates on cash held                | (10)                               | (90)  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>1,329</b>                       | <b>1,329</b>                                    |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 1,324                              | 810                                 |
| 5.2        | Call deposits   | 5                                  | 505                                 |
| 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>1,329</b>                       | <b>1,315</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<br/>\$A'000</b> |
|------------------------------------|
| 54                                 |
| -                                  |

Payments made to Directors related to:

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



**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.*

|   | <b>Total facility amount at quarter end \$A'000</b> | <b>Amount drawn at quarter end \$A'000</b> |
|---|---|--|
| 7.1 Loan facilities   | -   | -  |
| 7.2 Credit standby arrangements                                 | -   | -  |
| 7.3 Other (please specify)                                      | -   | -  |
| <b>7.4 Total financing facilities</b>                           | <b>-</b>  | <b>-</b>                                   |
| <b>7.5 Unused financing facilities available at quarter end</b> |   | <b>-</b>                                   |

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.

| <b>8. Estimated cash available for future operating activities</b>                | <b>\$A'000</b> |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9)                     | (918)          |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6)                           | 1,329          |
| 8.3 Unused finance facilities available at quarter end (Item 7.5)                 | -              |
| 8.4 Total available funding (Item 8.2 + Item 8.3)                                 | 1,329          |
| <b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b> | <b>1.45</b>    |

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: Yes, the Company is expected to continue with the current net operating cash flow level.

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: The Company expects to meet its operational costs from proceeds from sales to customers, existing reserves, and as required from additional funding. In January 2023, the Company has also entered into a binding asset purchase deed as part of its strategy to become cash flow positive and profitable at a faster rate to complement the Company's steady organic growth (refer to the Company's ASX announcement dated 23 January 2023). The Company also has the ability to obtain further cash funds through the issue of equity securities, when it is required.

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: 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, 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 2023

Authorised by: By the Board

.....  
(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.