

Osteopore Limited and Its Controlled Entities
Appendix 4E
For the year ended 31 December 2023

1. Company Details

Name of entity: Osteopore Limited
ABN: 65 630 538 957
Reporting period: For the year ended 31 December 2023
Previous period: For the year ended 31 December 2022

2. Results for Announcement to the Market

Revenues from ordinary activities	up	31%	to	\$2,217,409
Loss from ordinary activities after tax attributable to the owners of Osteopore Limited	up	16%	to	\$4,871,981
Loss for the year attributable to the owners of Osteopore Limited	up	16%	to	\$4,871,981

Dividends

No dividend has been declared or paid for the year ended 31 December 2023 (31 December 2022: \$nil).

Brief Explanation of Results

In pursuit of sustainable growth, Osteopore Limited's (**Osteopore** or the **Company**) strategic focus remains steadfast on growing revenue and optimising operational efficiencies while not losing sight on product innovation. The strategic move to acquire the medical distribution business in Korea has also contributed to the Company's growth, which culminated in a 31% year-on-year growth to \$2,217,409. While we acknowledge the current increase in net loss as a result of strategic investments in R&D and other expenses (further elaborated below), we remain committed to achieve long-term success. We believe that these investments will drive accelerated revenue growth, enhance our competitive position.

Losses – after income tax the Company amounted to \$4,871,981 (31 December 2022: \$4,195,222).

The increase in net losses – after-tax from ordinary activities – during the year ending 31 December 2023 was attributable to:

- Non-cash share-based payments, which increased as a result of options being issued to the Lead Manager of the share placement;
- Increased administrative expenses owing to higher legal, professional and share registry service costs incurred;
- Increased 'other' expenses due to the non-cash amortisation expenses associated with acquiring a South Korea-based medical distribution business.

Nevertheless, Osteopore's losses were offset by a reduction in sales, marketing and business development expenses, due to the Company's rationalisation of expenses relating to travel, marketing and conferences.

3. Net Tangible Assets

	Reporting Period (Cents)	Previous Period (Cents)
Net tangible assets per ordinary security	(0.24)	1.60

Right-of-use assets recognized under AASB 16 Leases and acquisition of the business asset of a medical distribution business based in Korea are classified as intangible assets to determine the net tangible assets.

4. Details of Associates and Joint Venture Entities

There are no associates or joint venture entities.

5. Details of Entities over which Control has been Gained or Lost during the Period

Osteopore International Pte Ltd has incorporated a wholly owned subsidiary, Osteopore Korea Co., Ltd and obtained the certificate of registration on 9 March 2023.

6. Audit Qualification or Review

The financial statements are in the process of being audited.

7. Attachments

The Preliminary Financial Report of Osteopore Limited for the year ended 31 December 2023 is attached.



Mark Leong
Executive Chairman
Singapore
29 February 2024



Empowering Natural Tissue Regeneration

**OSTEOPORE LIMITED
AND ITS CONTROLLED ENTITIES**

ACN 630 538 957

**PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 31 December 2023**

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Osteopore Limited and its Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$	\$
Revenue		2,217,409	1,692,387
Cost of sales		(581,510)	(419,098)
Gross profit		1,635,899	1,273,289
Other income		190,866	88,461
Product development and laboratory expenses		(1,570,762)	(1,425,088)
Sales, marketing, and business development expenses		(2,190,313)	(2,325,608)
Administrative expenses		(1,864,843)	(1,530,793)
Other expenses		(475,945)	(264,793)
Share-based payments		(538,316)	(723)
Operating loss		(4,813,414)	(4,185,255)
Finance costs		(15,046)	(9,967)
Loss before income tax		(4,828,460)	(4,195,222)
Income tax expenses		(43,521)	-
Loss after income tax		(4,871,981)	(4,195,222)
Other comprehensive income			
<i>Exchange differences arising from the translation of foreign subsidiary</i>		(62,541)	(17,451)
Total comprehensive loss attributable to the owners		(4,934,522)	(4,212,673)
Basic and diluted loss per share (cents)		(3.14)	(3.40)

The above-consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Osteopore Limited and its Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2023

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,114,800	1,334,221
Trade receivables		543,654	830,717
Other assets		1,029,088	690,344
Inventories		278,978	279,163
Total Current Assets		2,966,520	3,134,445
Non-Current Assets			
Property, plant and equipment		259,479	398,244
Right-of-use asset		25,639	68,918
Intangible assets		779,889	-
Total Non-Current Assets		1,065,007	467,162
TOTAL ASSETS		4,031,527	3,601,607
LIABILITIES			
Current Liabilities			
Trade and other payables		2,347,405	1,397,732
Borrowings		1,164,339	-
Provisions		58,080	77,831
Lease liabilities		29,100	45,359
Total Current Liabilities		3,598,924	1,520,922
Non-Current Liabilities			
Lease liabilities		-	28,819
Total Non-Current Liabilities		-	28,819
TOTAL LIABILITIES		3,598,924	1,549,741
NET ASSET		432,603	2,051,866
EQUITY			
Issued capital	3	29,529,999	26,957,056
Reserves	4	(14,383,770)	(14,002,999)
Accumulated losses		(14,713,626)	(10,902,191)
TOTAL EQUITY		432,603	2,051,866

The above-consolidated statement of financial position should be read in conjunction with the accompanying notes

Osteopore Limited and its Controlled Entities
Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Issued Capital	Share-Based Payment Reserve	Common Control Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 31 December 2021	26,066,131	2,355,293	(14,915,451)	(183,957)	(7,949,125)	5,372,891
Loss after income tax	-	-	-	-	(4,195,222)	(4,195,222)
Other comprehensive loss	-	-	-	(17,451)	-	(17,451)
Total comprehensive loss for the year	-	-	-	(17,451)	(4,195,222)	(4,212,673)
Share placement (Note 3)	945,000	-	-	-	-	945,000
Share issue costs (Note 3)	(54,075)	-	-	-	-	(54,075)
Share-based payments (Note 4)	-	723	-	-	-	723
Expired options (Note 4)	-	(1,221,933)	-	-	1,221,933	-
Forfeit of issued employee options (Note 4)	-	(20,223)	-	-	20,223	-
Balance at 31 December 2022	26,957,056	1,113,860	(14,915,451)	(201,408)	(10,902,191)	2,051,866
Loss after income tax	-	-	-	-	(4,871,981)	(4,871,981)
Other comprehensive loss	-	-	-	(62,541)	-	(62,541)
Total comprehensive loss for the year	-	-	-	(62,541)	(4,871,981)	(4,934,522)
Shares placement (Note 3)	2,688,618	-	-	-	-	2,688,618
Share issue costs (Note 3)	(115,675)	-	-	-	-	(115,675)
Share-based payments (Note 4)	-	538,316	-	-	-	538,316
Performance rights issued (vendor) (Note 4)	-	204,000	-	-	-	204,000
Expired options (Note 4)	-	(1,060,546)	-	-	1,060,546	-
Balance at 31 December 2023	29,529,999	795,630	(14,915,451)	(263,949)	(14,713,626)	432,603

The above-consolidated statement of changes in equity should be read in conjunction with the accompanying notes

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Osteopore Limited and its Controlled Entities
Consolidated Statement of Cash Flows
For the year ended 31 December 2023

		Consolidated	
		31 Dec 2023	31 Dec 2022
	Note	\$	\$
Cash flows from operating activities			
Loss before income tax		(4,828,460)	(4,195,222)
<i>Adjustments for</i>			
Amortisation expense		262,630	-
Depreciation (Property, plant, and equipment)		157,366	176,843
Depreciation (Right-of-use asset)		44,403	41,376
Finance costs		15,047	9,967
Interest income		(7,510)	(6,742)
Share-based payment expense	4	538,316	723
Operating cash flows before changes in working capital		(3,818,208)	(3,973,055)
Changes in trade receivables		(261,121)	(429,980)
Changes in other assets		(338,744)	(368,293)
Changes in inventories		185	(77,538)
Changes in trade and other payables		708,035	858,279
Changes in provisions		(19,751)	392
Interest paid		(15,047)	(9,967)
Interest received		7,510	6,742
Net cash used in operating activities		(3,737,141)	(3,993,420)
Cash flows from investing activities			
Purchases of plant and equipment		(7,365)	(63,975)
Net cash used in investing activities		(7,365)	(63,975)
Cash flows from financing activities			
Proceeds from share placement		2,688,618	945,000
Payment of shares issue costs		(169,750)	-
Proceeds from borrowing		1,112,491	-
Repayment of lease principal		(52,242)	(48,681)
Net cash generated from financing activities		3,579,117	896,319
Net decrease in cash and cash equivalents		(165,389)	(3,161,076)
Cash and cash equivalents at the beginning of the year		1,334,221	4,530,175
Effects of exchange rate changes on cash		(54,032)	(34,878)
Cash and cash equivalents at the end of the year		1,114,800	1,334,221

The above-consolidated statement of cash flows should be read in conjunction with the accompanying notes

Osteopore Limited and its Controlled Entities
Notes to the Preliminary Financial Statements
For the year ended 31 December 2023

Note 1. Significant Accounting Policies

General

These consolidated financial statements and notes represent those of Osteopore Limited (the “Company”) and its controlled entities (“Group”). In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only.

Basis of Preparation

The preliminary financial report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to Appendix 4E and in accordance with the recognition and measurement requirement of the Australian Accounting Standards Board (“AASB”), Urgent Issues Group Interpretations and the *Corporations Act 2001*. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (‘IASB’).

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the interim financial report for the half-year ended 30 June 2023 and with any public announcement made by Osteopore Limited during the period in accordance with the continuous disclosure requirement of the *Corporations Act 2001*.

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial report. The financial statements have been presented in Australian dollars (AUD), which is the functional currency of the Company. The functional currency of the Company’s controlled entities is Singapore Dollars (SGD).

New or Amended Accounting Standards and Interpretations Adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Accounting pronouncements that have become effective from 1 January 2023 and that have been adopted, do not have a significant impact on the Group’s financial results or position.

Intangible assets

Distribution agreement

Distribution agreement is recognised at cost of acquisition and amortised over their useful lives. They have a finite life and are reported at cost less accumulated amortisation and accumulated impairment losses.

The following useful lives are applied:

Class of intangible asset	Amortisation rate
Distribution agreement	33%

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Osteopore Limited and its Controlled Entities
Notes to the Preliminary Financial Statements
For the year ended 31 December 2023

Note 1. Significant Accounting Policies (cont.)

New Accounting Standards and Interpretations Not Yet Mandatory

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2. Segment Reporting

The Company has identified its operating segments based on the internal reports that are used by the Board in assessing performance and in determining the allocation of resources. Given the Company's operations since incorporation, the Board has identified four relevant business segments based on the Group's geographical presence – Singapore, Korea, China and Australia. The following tables are an analysis of the Group's revenue and results by reportable segment for the year ended 31 December 2023 and 2022.

	Singapore	Korea	China	Australia	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$
2023						
External revenue	1,140,503	1,076,906	-	-	-	2,217,409
Inter-segment revenue	364,521	-	-	-	(364,521)	-
Gross revenue	1,505,024	1,076,906	-	-	(364,521)	2,217,409
Other income	174,723	7,583	3	8,557	-	190,866
Total revenue	1,679,747	1,084,489	3	8,557	(364,521)	2,408,275
(Loss)/profit for the year	(3,317,494)	305,043	(3,509)	(1,831,640)	(24,381)	(4,871,981)
Current assets	2,267,049	479,055	1,649	218,767	-	2,966,520
Non-current assets	1,065,007	-	-	-	-	1,065,007
Total assets	3,332,056	479,055	1,649	218,767	-	4,031,527
Total liabilities	2,156,826	57,100	-	1,384,998	-	3,598,924
2022						
External revenue	1,692,387	-	-	-	-	1,692,387
Inter-segment revenue	-	-	-	-	-	-
Gross revenue	1,692,387	-	-	-	-	1,692,387
Other income	81,714	-	5	6,742	-	88,461
Total revenue	1,774,101	-	5	6,742	-	1,780,848
(Loss)/profit for the year	(2,927,192)	-	255	(1,268,285)	-	(4,195,222)
Current assets	1,950,462	-	5,203	1,178,780	-	3,134,445
Non-current assets	467,162	-	-	-	-	467,162
Total assets	2,417,624	-	5,203	1,178,780	-	3,601,607
Total liabilities	1,288,276	-	3	261,462	-	1,549,741

Osteopore Limited and its Controlled Entities
Notes to the Preliminary Financial Statements
For the year ended 31 December 2023

Note 3. Issued Capital

	2023		2022	
	No. of Shares	\$	No. of Shares	\$
Fully paid ordinary shares	154,918,630	29,529,999	123,568,238	26,957,056

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. There is no current on-market share buy-back.

Movements in ordinary share capital

	No. of Shares	Issue price (\$)	\$
Balance at 31 December 2021	117,268,238		26,066,131
Share placement	6,300,000	0.150	945,000
Share issue costs	-		(54,075)
Balance at 31 December 2022	123,568,238		26,957,056
Placement ¹	366,666	0.150	55,000
Placement on 24 April 2023 ²	20,293,604	0.085	1,724,957
Placement on 28 June 2023 ³	10,690,122	0.085	908,661
Share issue costs			(115,675)
Balance at 31 December 2023	154,918,630		29,529,999

¹ On 22 December 2022, the Company announced that it has received binding commitments from sophisticated and existing investors for a total \$1,000,000 placement at \$0.15 per share, with one free attaching option for every one new share subscribed for. As of 31 December 2022, the Company has received capital proceeds in advance totalling \$945,000, subsequently, issuing 6,666,666 new fully paid ordinary shares on 3 January 2023. After the reporting date the residual placement totalling \$55,000 was received.

² On 24 April 2023, the Company issued 20,293,604 shares in relation to the non-renounceable pro-rata entitlement offer (Entitlement Offer), which gave eligible shareholders the opportunity to subscribe for one fully paid ordinary share for every four fully paid ordinary shares held on the record date, at an issue price of \$0.085 per new share, with one free-attaching quoted option for every one new share subscribed for.

³ On 28 June 2023, the Company issued 10,690,122 shares in relation to the shortfall shares from the Entitlement Offer.

Osteopore Limited and its Controlled Entities
Notes to the Preliminary Financial Statements
For the year ended 31 December 2023

Note 4. Reserves

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Common control reserve	(14,915,451)	(14,915,451)
Share based payment reserve	795,630	1,113,860
Foreign currency translation reserve	(263,949)	(201,408)
	(14,383,770)	(14,002,999)

Common Control Reserve

In September 2019, the Company acquired 100% of Osteopore International Pte Ltd ("OIS"). The acquisition has been accounted for with reference to common controlled entities. The Group has adopted the predecessor accounting method to form one enlarged group. The Company has recorded the excess consideration above the net asset of OIS to a common control reserve in September 2019.

Share Based Payment Reserve

The share-based payment reserve arises from the equity-settled compensation plan issued to its director, provided that the director remains in continuous employment with the Company from the date of grant. Equity-settled compensation plan is share of commons stock that vest and restricted share units are awards that will result in a payment if performance goals are achieved or the awards otherwise vest. The terms and conditions of these awards are established in the employment contract.

	No. of Options	\$
Share-based payment reserve as at 31 December 2023	15,187,500	795,630
<i>Movements in share-based payment reserve</i>		
Balance at 1 January 2023	3,187,500	1,113,860
Issue of vendor's performance rights ¹	-	204,000
Issue of directors' performance rights	-	77,884
Options issued to lead manager of the share placement	15,000,000	460,432
Expired options (Note 5)	(3,000,000)	(1,060,546)
Balance at 31 December 2023	15,187,500	795,630

¹ The 2,400,000 performance shares have been valued on the date control of assets was obtained using a share price of \$0.085. Management has deemed there to be a 100% probability of the following non-market conditions being achieved:

- (i) the Target Businesses generating a cumulative \$1,000,000 of sales based on audited or reviewed accounts over a twelve (12) month period from completion
- (ii) No material adverse changes having occurred to the business assets
- (iii) 12 months having expired since completion

Osteopore Limited and its Controlled Entities
Notes to the Preliminary Financial Statements
For the year ended 31 December 2023

Note 5. Share Based Payment Expense

On 24 April 2023, 10,000,000 options exercisable at \$0.225 expiring on 24 April 2026 were issued to the Lead Manager of the placement. All options are vested at grant date.

On 28 June 2023, 5,000,000 options exercisable at \$0.225 expiring on 24 April 2026 were issued to the Lead Manager as a success fee. All options are vested at grant date.

The following table illustrates the number and weighted average exercise price and movements in share options:

	31 December 2023		31 December 2022	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding at the beginning of year	3,187,500	1.17	13,475,000	0.49
Expired	(3,000,000)	0.27	(10,100,000)	(0.17)
Forfeited	-	-	(187,500)	(0.01)
Granted during the year	15,000,000	0.23	-	-
Outstanding at the end of the year	15,187,500	0.23	3,187,500	1.17
Exercisable at the end of the year	15,187,500	0.23	3,187,500	1.17

The fair value of the options issued was estimated at the date of grant using the Black-Scholes option pricing model below:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Expected Volatility	Dividend Yield	Risk-Free Interest Rate	Fair Value at Grant Date
27/06/2021	02/11/2025	\$0.470	\$0.624	89%	0%	0.82%	\$0.284
24/04/2023	24/04/2026	\$0.076	\$0.225	90%	0%	3.24%	\$0.026
28/06/2023	24/04/2026	\$0.105	\$0.225	90%	0%	3.24%	\$0.042

Set out below are the options exercisable at the end of the financial year:

Grant Date	Expiry Date	31 December 2023 No. of Options	31 December 2022 No. of Options
28/08/2020	28/08/2023	-	3,000,000
27/06/2021	02/11/2025	187,500	187,500
24/04/2023	24/04/2026	10,000,000	-
28/06/2023	24/04/2026	5,000,000	-
		15,187,500	3,187,500