

ASX RELEASE | OSTEOPORE LIMITED

MARCH 2022 QUARTERLY ACTIVITIES REPORT

Highlights:

- *Osteopore achieved S\$371,929 (A\$375,386) in revenue for Q1 CY22, with a gross manufacturing margin of 70.1% and ended the quarter with A\$3,405,837 cash on hand.*
- *Q1 CY22 revenue was up 21% on Q4 CY21, resulting in the second consecutive quarter of revenue growth, and delivering a 13.5% increase over the previous year's revenue for the corresponding period of Q1 CY21.*
- *Successful collaboration with Singular Health to improve the accuracy, workflow efficiency, speed and patient outcomes for Osteopore's customised cranial implants.*
- *Began development of a completely new and novel 3D printer in partnership with the Singapore Institute of Manufacturing Technology (SIMTech).*
- *Continued to advance a number of development programs, including new products for fresh craniotomy cuts in Australia, and a number of new shapes for burr hole covers.*
- *Expand our footprint into the Middle East with the first shipment of implants to United Arab Emirates, and increased our presence in Europe with the first sales to Switzerland.*
- *Commenced physical attendance at multiple trade show events to engage with healthcare decision makers and increase the visibility and credibility of Osteopore products among neurosurgeons, researchers and other health professionals.*
- *Implemented a management restructure to sharpen the Company's focus, increase efficiencies and streamline sales and marketing responsibilities.*

28 April 2022: Osteopore Limited (ASX: OSX) ("Osteopore" or the "Company"), a revenue-generating Australian and Singapore based global leader in the manufacture of innovative regenerative implants at commercial scale empowering natural tissue regeneration, is pleased to release its quarterly results and Appendix 4C cash flow statement for the three-month period ending 31 March 2022.

Financial performance regaining momentum

Osteopore achieved S\$371,929 (A\$375,386) in revenue for Q1 CY22 and ended the quarter with A\$3,405,837 cash on hand. Q1 CY22 revenue was up 21% on Q4 CY21, and up 13.5% over the previous year's revenue for the corresponding period of Q1 CY21. This result was the second consecutive quarter of revenue growth despite COVID-19 continuing to disrupt global healthcare systems. However, while the pandemic contributed to lower revenue for the majority of CY21, conditions are gradually improving and Osteopore believes further growth is likely moving forward.

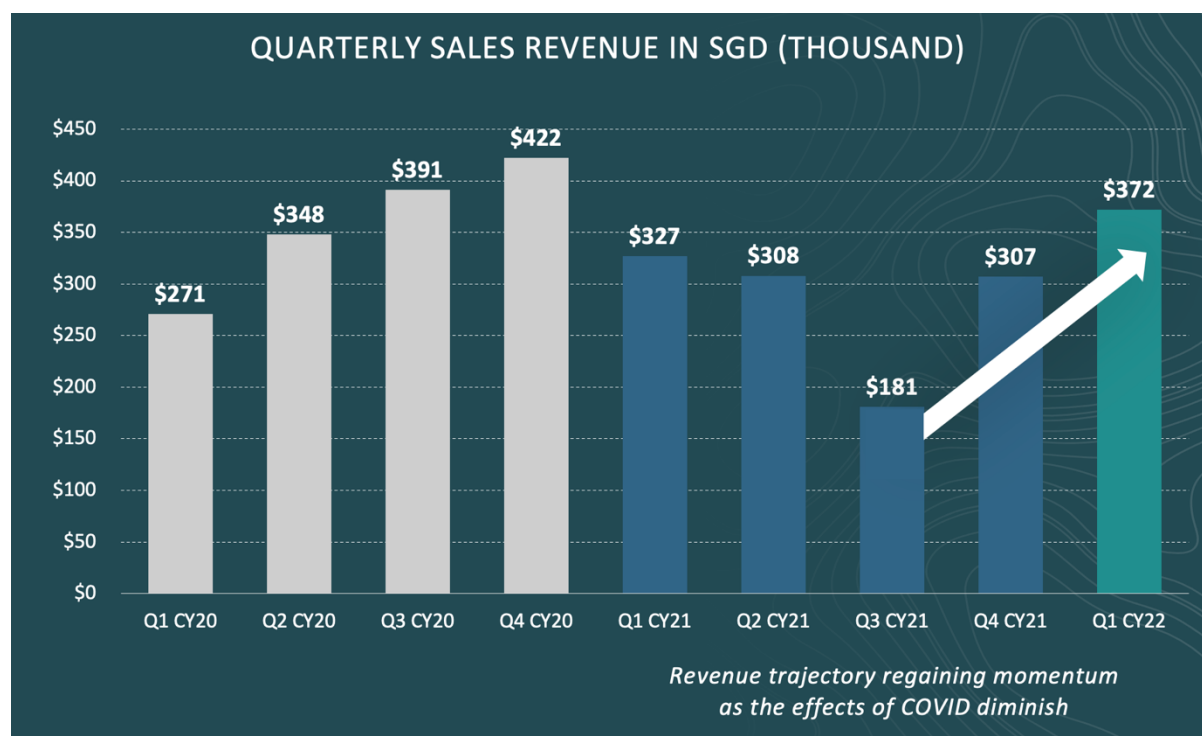
This sequential growth and initial rebound in revenue, indicates both strong adoption and increasing surgeries at hospitals. Growth can also be related to Osteopore's online training programmes

implemented during COVID, which allowed the company to engage with sales reps and doctors during lockdowns.

These digital sales and training programs will continue to be a critical component of Osteopore’s overall approach to scaling the business. They allow our teams to cost effectively engage with key medical stakeholders and decision makers anywhere in the world, and complement on ground physical outreach programmes. Additional stand out results included Q-O-Q sales in the U.S. increasing by 190%, Singapore growing 387%, Vietnam 91%, and Indonesia 88%.

The lifting of COVID restrictions across key markets during the quarter enabled the sales team to be on-ground in both the US and EU, to support current distributors and sign-up new partners. As the pandemic eases, Osteopore expects to emerge stronger with increased momentum.

The Company also continued to work towards maintaining and improving its margins. A gross margin of 70.1% of sales revenue was achieved in Q1 CY22, reflecting an encouraging consistency with the 71.2% achieved in Q4 CY21. Osteopore believes that its cost effective and high margin manufacturing process will ultimately become a major contributor towards the Company achieving profitability as revenue scales.



Osteopore Executive Chairman, Mark Leong said; “This quarter’s results clearly illustrate that we are emerging stronger, duly executing our strategy and gaining momentum. While our revenue growth is encouraging, equally important is continuing to build on our clinical data, global regulatory clearances and securing distribution partners in as many countries as possible. We know that our products are superior over traditional bone regeneration products, so we are moving rapidly to expand our global network. We are confident that as we execute our strategy and achieve various key milestones, revenue will continue to grow as more and more surgeons switch to using our products.”

Commenced AI study to improve product design

In early March, Osteopore commenced a study in partnership with Singular Health Group Ltd (ASX: SHG) (“Singular Health”), to improve the accuracy and workflow efficiency of Osteopore’s customised cranial implants. The study is part of Osteopore’s strategy to collaborate with a range of technologies to improve the efficacy of its regenerative implants and improve patient outcomes.

Osteopore’s customised implants are developed through CT scans of patients which are provided by surgeons. The scans are processed by software that converts them into 3D models, which can then be used to 3D print customised implants.

The objective of Singular Health’s AI design engine is to reduce modelling time, while maintaining or improving design accuracy. Results to date have enabled an Osteopore cranial implant to be designed in less than 4 minutes with 91% accuracy. The study will also aim to reduce product-to-customer timeframes and improve implant quality.



Examples of Osteopore’s customised implants which could benefit from the study

Advancements in manufacturing

Our 3D printing manufacturing process continued to be refined through Industrie 4.0 initiatives, as well as building on our intellectual property and trade secrets. We successfully tested an auto-platform cleaning and auto-feeding mechanism for our 3D printers, this will allow Osteopore to print implants with continuous material feed without operator intervention.

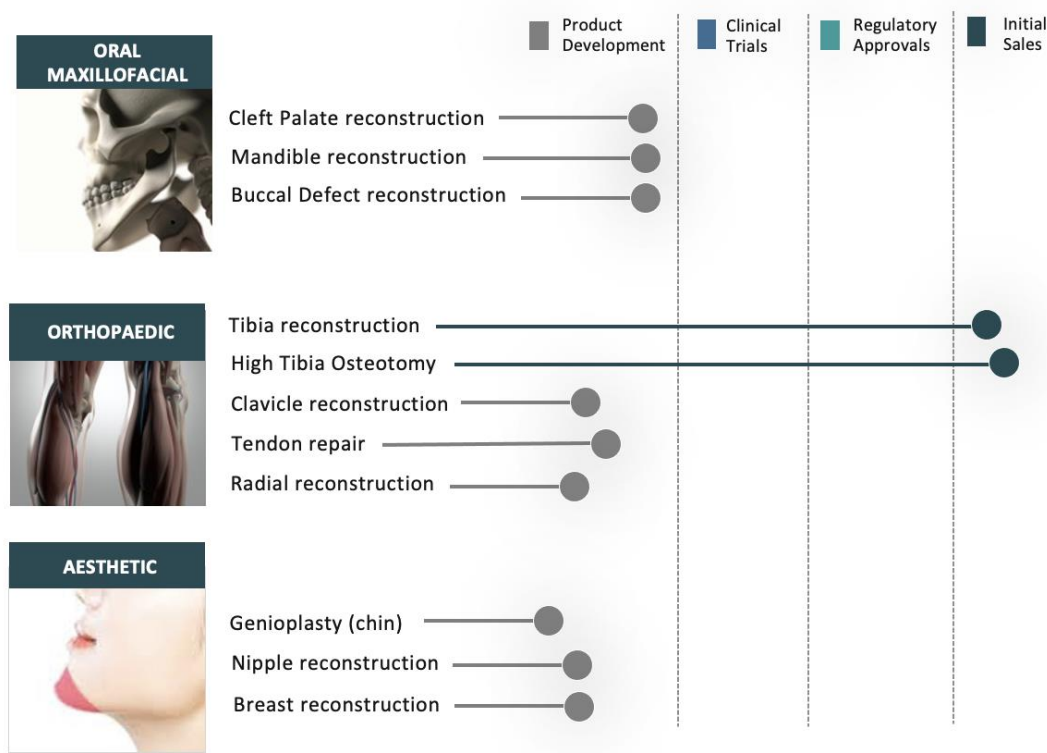
Through Osteopore’s IAF-ICP grant, the Company commenced the development of a new 3D printer in partnership with the Singapore Institute of Manufacturing Technology (SIMTech). SIMTech develops high-value manufacturing technology to enhance the competitiveness of Singapore’s manufacturing industry, and the new printer aims to create a product that releases bio-stimulants which support the healing process.

Additional product development

During the quarter, Osteopore continued to advance a number of development programs that aim to create new products and expand the scope of bone regeneration applications, including a Vietnam hospital that completed a number of tibia reconstructions using Osteopore’s next generation implant. Positive feedback from the surgeons conducting these procedures illustrated that Osteopore’s products were easy and straightforward to use, did not take too much time to

implant, and complements well with fixation devices to provide additional stability during the bone healing process.

Our first-in-human study in high tibia wedge osteotomy also continued efficiently, with 38 patients already receiving Osteopore’s wedge implants. The Company also added new products and indications for fresh craniotomy cuts in Australia, and a number of new shapes for burr hole covers that allows insertion of a catheter.



Osteopore has a number of new products under development

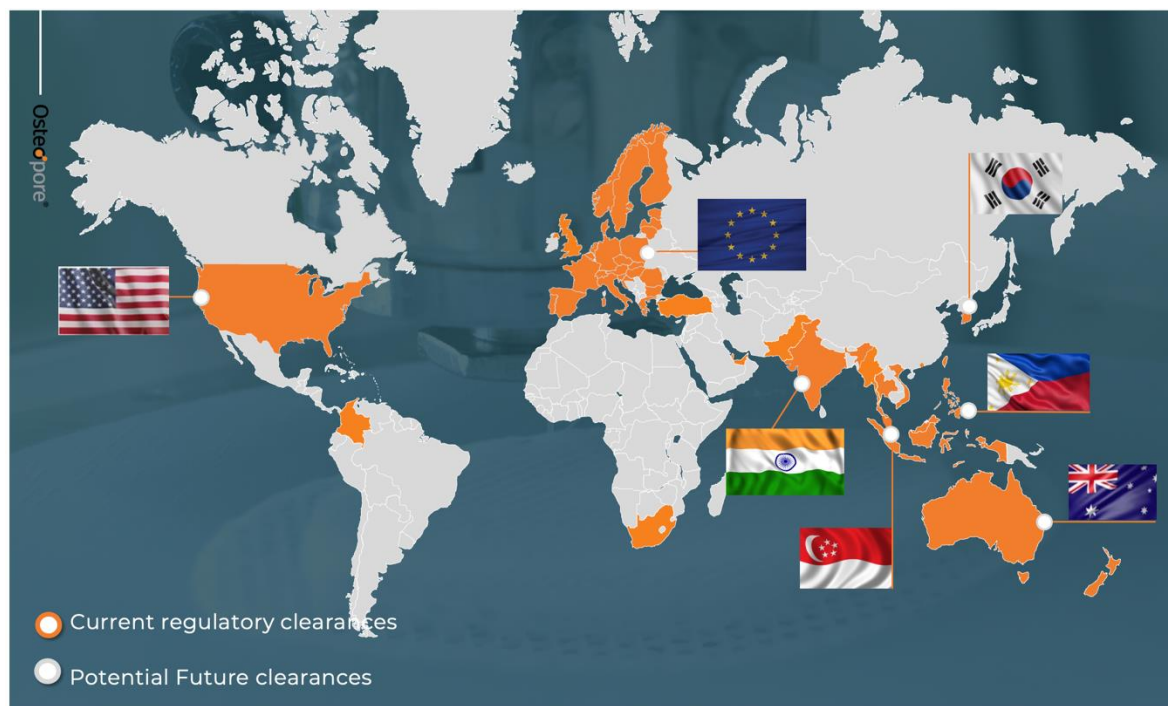
Distribution network and market access expanded

Osteopore currently has a number of highly successful distributor agreements already in place across many major world markets, with further distribution agreements recently secured that enhance our global reach. The first of these agreements saw Osteopore expand its footprint to the Middle East with the first shipment of its cranial regenerative implants to the United Arab Emirates (UAE). The Company will now aim to harness this opportunity and gain new regulatory access in additional Middle East territories.

Encouraging progress was made in Europe, with shipments of cranial regenerative implants to Switzerland. Achieving first sales in Switzerland was yet another key milestone for the company and displays the team’s ability to execute on the strategy to penetrate new markets. Further sales across Europe are expected to continue this quarter.

Additional distribution agreements are also expected to be secured in the near term, as we move quickly to regain momentum and have a fully dedicated sales team ready to take advantage of a significant backlog of elective surgeries.

Market access also improved. Device registration with the MHRA post-Brexit was completed, meaning our products can be placed on the UK market and distributed for specific surgical indications. We obtained clearance from the UAE MOHAP for import and supply of our products for craniofacial, nasal, and dental applications as well as patient specific implants.

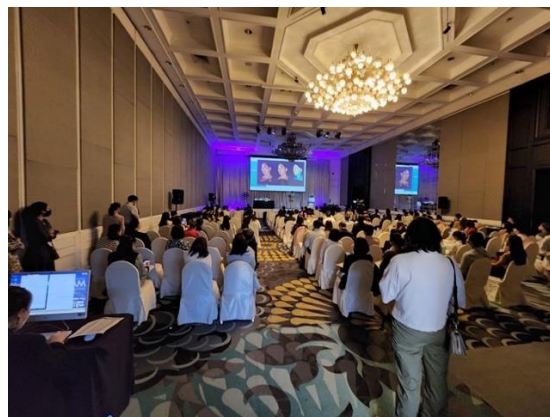


Engagement with potential customers increasing

This quarter we experienced an increase in access to hospitals and surgeons as the pandemic resided in key markets. Medical trade shows started to revert to “in-person”, which helped Osteopore engage with healthcare decision makers across a number of events.

In mid-March, Osteopore attended the XVII World Congress of Neurosurgery in Bogotá, Colombia, hosted by WFNS. The World Federation of Neurosurgical Societies (WFNS) is a professional, scientific, non-governmental organisation representing some 30,000 neurosurgeons worldwide. Osteopore attended the event to increase visibility and credibility of its activities among neurosurgeons, researchers and other health professionals.

Osteopore also had a presence at the World Congress of Aesthetic Surgery-Medicine, Anti-Aging and Alternative Medicine (WCAM2022) in late March. The event was held in Bangkok Thailand and brought together 10 international aesthetic associations of Asia in one of the biggest international aesthetic conferences. Osteopore presented their advanced implants to assist with bone and tissue regeneration following cosmetic surgery.



(Left) Osteopore Dinner Presentation at WFNS 2022 | (Right) World Congress of Aesthetic Surgery, Thailand

Structural changes

Q1 CY22 saw Osteopore restructure the organisation to sharpen its focus and efficiencies, resulting in the creation of four individual business units within Craniofacial, Aesthetic, Dental/OMF and Orthopaedic/Spine. These units are now responsible for product development and therapy marketing in these areas of surgical specialty. Three regional business teams were also set up to cover Asia, EMEA and the Americas / Australasia, and will be responsible for sales and marketing all products in their respective geographies.

In January, Osteopore accepted the resignation of Chief Financial Officer, Carl Runde, allowing Mr Runde to pursue other opportunities. The Company's finance operational support team based in Singapore continued to work with Osteopore's external accounts team who have been providing the Company with accounting services since the IPO. The Company is actively recruiting a new CFO to join the leadership team and is expected to make that appointment as soon as the appropriate candidate is identified. Osteopore also accepted the resignation of Non-Executive Director Vlado Bosanac during the quarter, and is currently seeking to expand the depth and breadth of its director skillsets and expertise.

Encouraging outlook

Our vision is to evolve into the world's most valuable regenerative medical technology company. We have proven, superior products that empower tissue regeneration and are currently embarking on a global expansion with regulatory clearance and distribution partners secured in many major markets. Our complementary pipeline of products for additional bone regeneration applications will also diversify the product range, and accelerate growth.

Our strategy presents a pathway to systematically build value by leveraging our novel technology platform, products, and customer relationships while not neglecting the exploration of new geographic markets and suitable new applications together with product and process innovation.

Macro level priorities over the rest of 2022 include, executing additional collaborative partnerships, gaining further regulatory clearances and launching complementary products for additional bone regeneration applications.

Corporate and Financial Summary

The attached Appendix 4C provides details on the cashflows for the quarter ended 31 March 2022. As at 31 March 2022 the Company had a cash balance of \$3.406m. The Company's net cash used in operating activities for the quarter amounted to \$1.024m and included expenditure on staff costs \$0.613m and administration and corporate costs \$0.35m.

Related Party Transactions

Payments in the March 2022 quarter to related parties of \$0.063m included at Item 6 in the attached Appendix 4C comprised of director fees and salaries.

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

For more information, please contact:

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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.

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 March 2022

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 301 | 301 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (206) | (206) |
| (c) advertising and marketing | (190) | (190) |
| (d) leased assets | - | - |
| (e) staff costs | (613) | (613) |
| (f) administration and corporate costs | (350) | (350) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 33 | 33 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (1,024) | (1,024) |

| | | |
|--|------|------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (16) | (16) |
| (d) investments | - | - |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$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 | - | - |
| 2.6 Net cash from / (used in) investing activities | (16) | (16) |

| | | |
|---|-------------|-------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 Proceeds from issue of convertible debt securities | - | - |
| 3.3 Proceeds from exercise of 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 | (33) | (33) |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other | - | - |
| 3.10 Net cash from / (used in) financing activities | (33) | (33) |

| | | |
|---|---------|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 4,530 | 4,530 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (1,024) | (1,024) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (16) | (16) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (33) | (33) |
| 4.5 | Effect of movement in exchange rates on cash held | (51) | (51) |
| 4.6 | Cash and cash equivalents at end of period | 3,406 | 3,406 |

| 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 | 2,405 | 3,530 |
| 5.2 | Call deposits | 1,001 | 1,000 |
| 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) | 3,406 | 4,530 |

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 |
|------------------------------------|
| 63 |
| - |

Payments made to Directors related to:

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

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.

| | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|---|
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 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.

| |
|--|
| |
|--|

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (1,024) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 3,406 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 3,406 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 3.33 |

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: N/A

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: N/A

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: N/A

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: 28 April 2022

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.