ASX RELEASE | OSTEOPORE LIMITED

MARCH 2021
QUARTERLY ACTIVITIES REPORT

Highlights:

- *Record Q1 revenue of A$318,103*
- *Revenue growth represents 21% CC increase over previous corresponding period*
- *Improving gross margins of 68.2% was achieved in the quarter*
- *Agreement signed with Terumo Blood and Cell Technologies to co-promote products*
- *Robust capital position with $7.9m in cash to drive further growth*
- *Expanded MDD Certification provides access to an increase in on-indication procedures*

30 April 2021: Osteopore Limited (ASX: OSX) ("Osteopore" or the "Company"), a revenue-generating medical technology company that has commercialised a range of patented 3D printed bioresorbable products, is pleased to release its Appendix 4C cash flow statement for the three-month period ending 31 March 2021.

Financial Performance

Osteopore achieved a record first quarter revenue of S$327,622 (A$318,103) in the period ending March 31, 2021. This represents a 21% increase in constant currency (CC) terms over the previous year sales for the corresponding period. Osteopore has traditionally experienced lower sales in the March quarter each year due to the impact of the Lunar New Year in many of Osteopore key geographic markets.

Osteopore's gross profit of A$217,013 for the March quarter represents an increase of 29% compared to the same period last year.

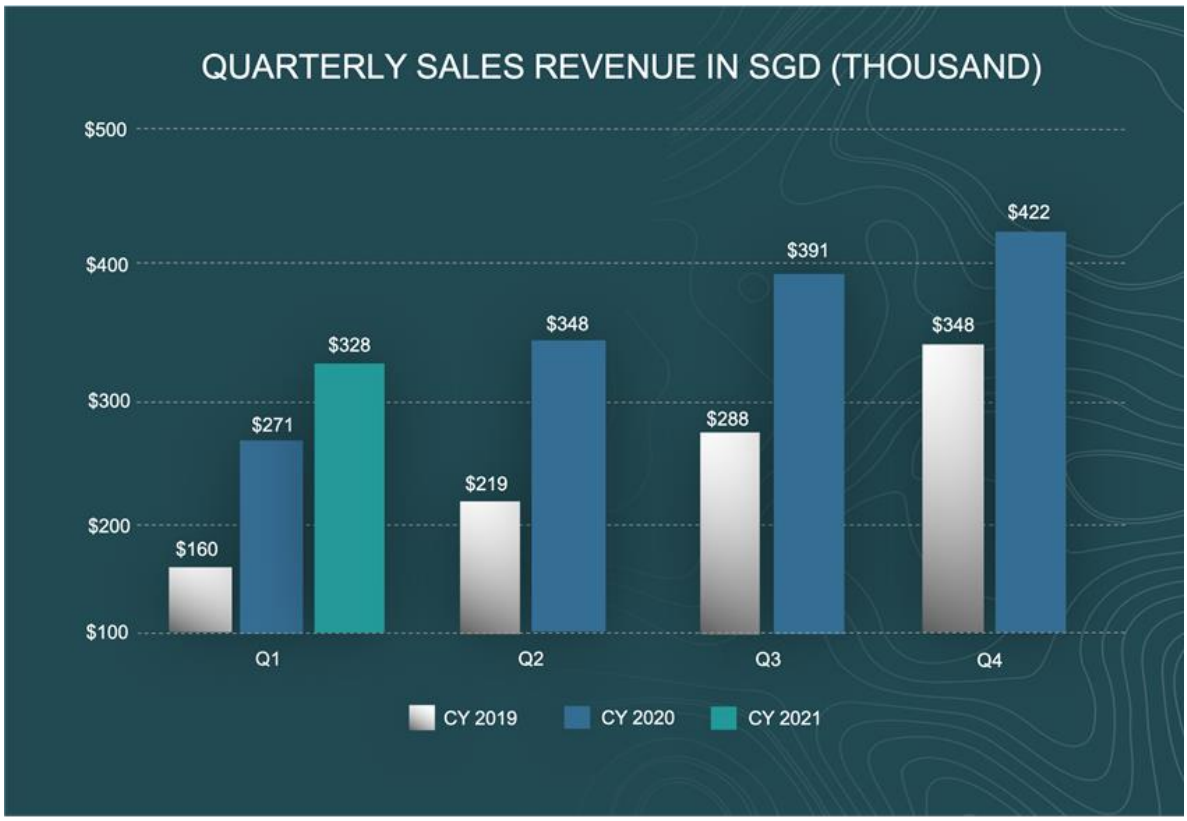
Despite the ongoing disruption in the healthcare sector resulting from measures to curb the spread of COVID-19, Osteopore made several promising developments in its focus markets. Initial stocking orders were received for the US and German markets and the Company saw promising sales development in Australia, Taiwan, and the UK.

An important step was taken on the path to establishing a market presence in China. The Hainan Provincial Drug Administration has approved the use of Osteomesh at the Boao Yiling Life Care Centre located in the Hainan Boao Lecheng International Medical Tourism Pilot Zone. The approval is for Chinese clinical validation only and is limited to the use of Osteomesh by a team of plastic reconstruction surgeons at the Centre. This development is strategically significant as it represents our first step in securing Chinese FDA clearance for Osteopore's products.

Osteopore ended the quarter with A$7,987,131 cash on hand. This robust capital position allows the Company to continue to execute its growth strategy and positions the business to take advantage of

the expected increase and back-log of elective surgeries as COVID-19 cases decline and pressure eases on hospital systems globally.

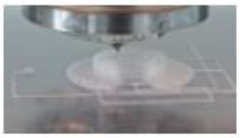
The Company continued to receive non-dilutive government funding in Singapore for business support due to COVID-19 and other grant schemes. Non-dilutive grant funding and tax incentives received totalled A$48,663 for the quarter. Osteopore also continued to be included as an “essential service” in Singapore, allowing it to remain open and operational while executing its growth strategy.

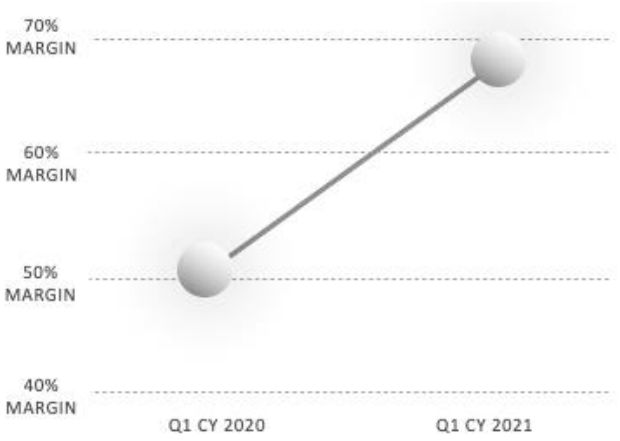


CY 2019 Pro Forma Quarterly Revenues

During the quarter, Osteopore continued to work towards maintaining and improving its margins. The Company has increased the number of printers from 8 to 14 to meet future demand and increased the depth and breadth of expertise to drive efficiencies across our in-house propriety 3D printing technology.

A gross margin of 68.2% of sales revenue was achieved in Q1 CY21, reflecting an encouraging improvement over the 56.3% achieved in Q1 CY20. 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.





Building Capability in Dental Applications

Having secured Singaporean Health Sciences Authority regulatory clearance for the application of the Company's biomimetic scaffolds in dental procedures, Osteopore has recruited a team of three highly qualified specialists dedicated to establishing the Company's technology in dental procedures. The team is comprised of an oral and maxillofacial (OMF) surgeon, a dentist and a 3D-printing specialist technician who are developing the necessary training materials to ensure that applications are of the highest quality and remain sustainable and replicable at scale.

The initial commercialisation process is focussed on supporting dentists, OMF surgeons and major dental groups in Singapore and surrounding countries in Asia Pacific. The Company is in the process of preparing data to support the application of regulatory clearances in its major markets.

Cooperation Agreement with Terumo Blood and Cell Technologies

The key factor determining breakthroughs in regenerative medicine lies in the combination of scaffold and cell technologies. In February, Osteopore signed a Cooperation Agreement with Terumo Blood and Cell Technologies to promote and sell complementary regenerative products from both companies in Asia-Pacific. Terumo, an established company in the field of biologics, will use their blood and cell technologies' autologous biologics ("TAB") product to concentrate a patient's bone marrow integrated into Osteopore scaffolds for implantation into patients.

Headquartered in Lakewood, Colorado, U.S.A., Terumo Blood and Cell Technologies is a global leader in blood component, therapeutic apheresis, and cellular technologies. Its parent company, Terumo Corporation, was founded in 1921 and is listed on the Tokyo Stock Exchange with annual revenues exceeding 600 billion Yen (A$8.0 billion).

The agreement will facilitate the expansion of Osteopore products into Terumo Blood and Cell Technologies' extensive network of blood centres, hospitals, therapeutic clinics, researchers, and private medical practices in Asia-Pacific. Both companies will also evaluate opportunities for post-market and investigator-initiated studies, using TAB and Osteopore products in selected countries to generate data to provide further support for future commercial activities.

Teams from both companies have completed cross training in the respective products and commercial progress is expected to begin in the second quarter and gain pace in the second half of this year.

Osteopore secures European and Australian patent protection

Osteopore recently received positive news that the European Patent Office has issued Patent EP 3218019 B1 and the Australian Patent Office has granted Australian Application No. AU 2019236702 B2 (Divisional of 2015347339). The patent describes a method for forming a bio-composite comprised of a polymetric matrix and a magnesium filler. The patent demonstrates Osteopore's commitment to product innovation that continuously improves the performance of its regenerative implants.

This third-generation bone-implant technology enhances Osteopore's product portfolio which extends the use of polycaprolactone (PCL) through the blending of PCL and tricalcium phosphate (TCP) in producing regenerative implants. The combination of the Company's product innovation, coupled with cooperative initiatives that include renowned international biomedical companies – like the recently announced collaboration with Terumo Blood and Cell Technologies – expands Osteopore products into a potentially broader field of application while endeavouring to improve patient outcomes.

The technology portfolio contributes to the performance of Osteopore biomimetic scaffolds used in several of the company's key markets and applications. The technological advantage secured through this patent is expected to initially support product sales in the global cranial procedures market which is currently estimated at around 1.1 million surgeries and is reported to be growing at more than 2% per year in Europe, accounting for roughly a third of the market.

Outlook

Osteopore CEO, Goh Khoon Seng, remarked that "Despite the obstacles to business growth in the wake of continued COVID-19 restrictions in many countries, we are encouraged by the progress we are making. Not only have we have achieved record first quarter sales revenue, we have also used our time to develop solutions, progress with securing regulatory clearance for a broader range of products, and strengthen our relationships with the medical community and our distributors."

Considering this effort, near-term growth catalysts include:

- Notification of European Medical Devices Directive (MDD) certification was received on April 29, 2021 for a significantly broader range of products. The CE Mark now extends to include all Osteomesh, Osteoplug and Osteoplug-C sizes, as well as seven new shape variants for use in repairing fresh craniotomy cuts. This expansion in MDD certification allows for increased access to on-indication procedures. The Company is evaluating the impact this will have on European business development and will update the market on the estimated scope and scale of the extended certification in due course.

- The 14th Asian Congress on Oral & Maxillofacial Surgery (ACOMS), to be held in Singapore from 4-6 June 2021, will provide an opportunity to showcase our dental products and their associated positive surgical outcomes. We expect interest in, and consequently sales of our dental products to increase in the periods following the congress.

- As post-COVID-19 activity returns to former levels, resumed business development in Australia, Singapore and the UK indicate encouraging growth trends.

Use of Funds Statement

Osteopore was admitted to the official list of the ASX on 19 September 2019 following completion of an IPO that raised $5.25m. The December 2020 quarter is included in a period covered by a use of funds statement in the IPO prospectus lodged with ASX under Listing rule 1.1 condition 3.
A comparison of the Company's actual expenditure since admission to 31 March 2021 against the estimated expenditure in the use of funds statement is set out below as required by ASX Listing Rule 4.7C.2. The table also includes the Company's expenditure for the March 2021 quarter.

Use of funds – Year 1 & 2[1]	Actual Total (19 Sep 19 - 31 Mar 21)	Prospectus Total (19 Sep 19 - 19 Sep 21)
International expansion	$2,067,646	$1,999,999
Research and development / patents	$507,605	$541,000
Regulatory approval – new markets[2]	$244,468	$545,000
Regulatory approval – new products[2]	$110,940	$450,000
General administration fees and working capital[3]	$4,609,191	$1,542,292
Estimated expenses of the Offers[4]	$1,390,062	$704,956
Total	$8,929,912	$5,783,247

The Company notes:

1. That since listing the Company has received total cash receipts of approx. $2.04m and grant funding receipts of approx. $0.74m. Additionally, the Company has undertaken a secondary capital raising of $8.5m and provided an updated use of funds in the investor presentation dated on 21 August 2020 (Investor Presentation) updating its proposed expenditure moving forward.
2. At present, the Company expects to incur expenditure associated with regulatory approval for new products and markets. As set out in the Investor Presentation, the Company aims to enhance market penetration of Osteoplug, Osteomesh and Osteostrip products by i) building distribution networks into the US and key EU markets and ii) obtaining regulatory approvals to expand sales in additional target jurisdictions (Australian TGA, Chinese FDA) and registering 2nd generation materials with US FDA and CE Mark.
3. The 'general administration fees and working capital' line item includes, inter alia, executive management salaries and wages who are supporting the growth strategy and the Company's business objectives.
4. The 'estimated expenses of the offers' line item include costs in relation to the IPO and the subsequent secondary capital raise undertaken in the September 2020 quarter of approx. $0.6m.

Related Party Transactions

Payments in the March quarter to related parties of $34,000 included at Item 6 in the attached Appendix 4C comprised salaries, and fees paid to non-executive directors and their associated entities, accounting and company secretarial services, and reimbursements.

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

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About Osteopore Limited

Osteopore Ltd is an Australian and Singapore based medical technology company commercialising a range of bespoke products specifically engineered to facilitate 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 made from proprietary polymer formulations, that naturally dissolve over time to leave only natural, healthy bone tissue, significantly reducing post-surgery complications commonly associated with permanent bone implants.

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	**Quarter ended ("current quarter")**
65 630 538 957	31 March 2021

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	305	305
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(67)	(67)
	(c) advertising and marketing	(65)	(65)
	(d) leased assets	-	
	(e) staff costs	(725)	(725)
	(f) administration and corporate costs	(394)	(394)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received		
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	48	48
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(898)**	**(898)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(34)	(34)
	(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**	**(34)**	**(34)**

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	(85)	(85)
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**	**(85)**	**(85)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,027	9,027
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(898)	(898)

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)	(34)	(34)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(85)	(85)
4.5	Effect of movement in exchange rates on cash held	(23)	(23)
4.6	**Cash and cash equivalents at end of period**	**7,987**	**7,987**

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	7,987	9,027
5.2	Call deposits	-	-
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)**	**7,987**	**9,027**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	34
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Payments made to Directors and Key Management Personnel related to:

1. Director and executive fees;
2. Company secretarial service;
3. Salary; and
4. Reimbursements

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)	319	319
7.4	**Total financing facilities**	**319**	**319**
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.

Other financing facilities relate to amount due to directors ($56k), related party ($288k) and other third parties ($83k). All loans are subject to 0% interest, are unsecured and repayable on demand.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(898)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	7,987
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	7,987
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**9**

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: 30 April 2021

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.