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ASX RELEASE | OSTEOPORE LIMITED

JUNE 2021 QUARTERLY ACTIVITIES REPORT

Highlights:

- *Osteopore achieved S$308,865 (A$301,237) in revenue for Q2 CY21.*
- *The Company ended the quarter with A$7,123,996 cash on hand, allowing for the continued execution of its growth strategy and to take advantage of the expected increased activity in elective surgeries.*
- *Granted European patent for 'Smart' 3D Biomimetic Scaffolds to improve implant performance covering Osteopore's next generation scaffolds.*
- *Osteopore's CE Mark was extended to include 7 new designs, all sizes of Osteoplug, Osteomesh and Osteostrip, and extended product shelf-life.*
- *Based on market research by CETAS Healthcare on annual cranial procedures, Osteopore estimates that the serviceable available market value of the incremental CE Mark access afforded by the extension exceeds A$115 million.*
- *Increased awareness and credibility of the Osteopore technology amongst Oral Maxillofacial (OMF) surgeons during the 14th Asian Congress on Oral & Maxillofacial Surgery held in Singapore.*

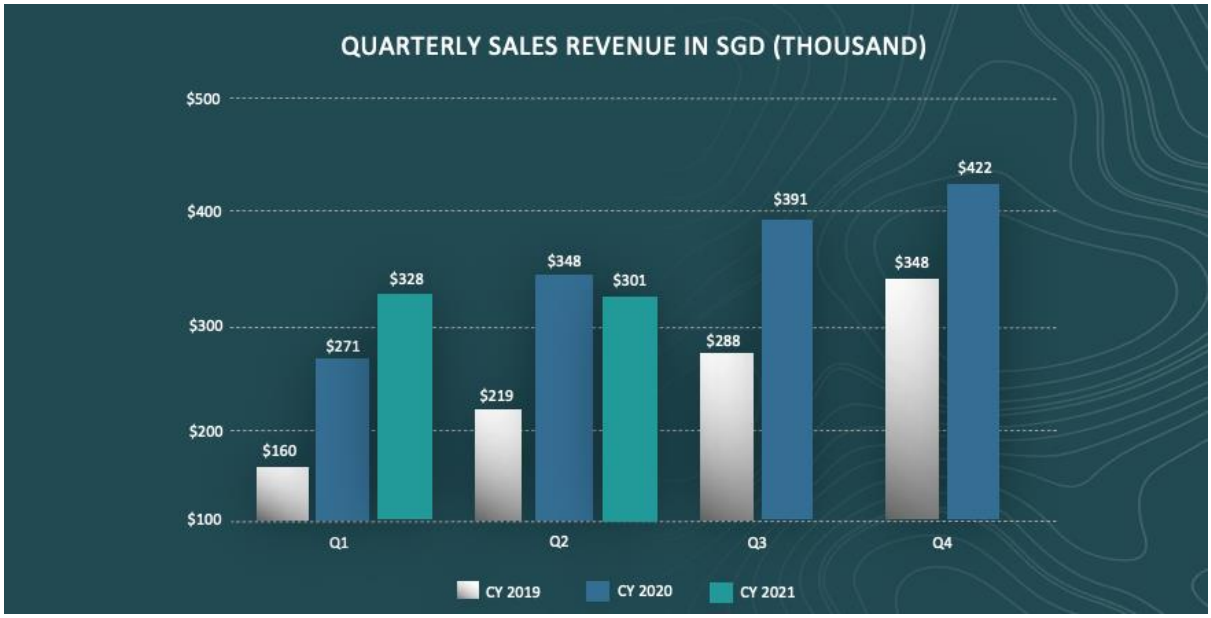
30 July 2021: Osteopore Limited (ASX: OSX) ("Osteopore" or the "Company"), a revenue-generating medical technology company that has commercialised a range of patented 3D printed bioresorbable products, is pleased to release its quarterly results presentation and Appendix 4C cash flow statement for the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

Financial Performance

Osteopore achieved S$308,865 (A$301,237) in revenue for Q2 CY21 and ended the quarter with A$7,123,996 cash on hand. This robust capital position allows the Company to continue executing its growth strategy and enables the business to take advantage of the expected increase in activity as the backlog in elective surgeries is addressed in countries experiencing a decline in the number of COVID-19 infections and resulting easing pressure on hospital systems globally.

During the quarter, Osteopore continued to work towards maintaining and improving its margins. A gross margin of 78.6% of sales revenue was achieved in Q2 CY21, reflecting an encouraging improvement over the 73.7% achieved in Q2 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.

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CY 2019 Pro Forma Quarterly Revenues

Osteopore CEO, GOH Khoon Seng said; "Our challenge over the past 18 months lay in the circumstances that prevented opportunities to provide the necessary training and support for both distributors and surgeons. Despite the challenges presented by COVID-19 restrictions in most countries, we continue to engage with our distribution partners and expect that, as the COVID-19 vaccination programmes roll out globally, our access to these critical partners will improve and sales will grow."

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, tax incentives, and industry consulting fees billed totalled A$146,638 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.

Granted European Patent

Osteopore was granted a European Patent for 'Smart' 3D Biomimetic Scaffolds to improve implant performance. The patent covers the production of next generation scaffolds and demonstrates Osteopore's commitment to product innovation that continuously improves the performance of its regenerative implants.

The development recognises the benefits of combining biomimetic structures with trace elements and biologics to improve cell regeneration and complements Osteopore's collaboration with Terumo BCT. The patent will support Osteopore's competitive position in Europe, the fastest growing region which accounts for roughly one third of global cranial procedures.

CE Mark expanded for product variants

Osteopore's CE Mark was extended to include 7 new designs, all sizes of Osteoplug, Osteomesh and Osteostrip, and extended product shelf-life. The number of listed shape variants in Osteopore products has increased from 3 to 10, these additional designs allow for access to an estimated 100,000 craniotomy cases per annum to bridge fresh craniotomy cuts created with associated surgical instruments, as well as to accommodate standard therapeutic devices.

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This expanded approval means more patients will have access to the benefits of Osteopore's technology when undergoing cranial surgery. In addition, the shelf-life of Osteopore products has been extended from 2 years to 3 years. The longer shelf-life will improve the ability of distributors to carry more stock to support both high and low volume hospitals.

Based on market research by CETAS Healthcare on annual cranial procedures, Osteopore estimates that the serviceable available market value of the incremental access afforded by the extension exceeds A$115 million.

Conference exposure

Osteopore participated in the virtual 14th Asian Congress on Oral & Maxillofacial Surgery held in Singapore on 4-6 June 2021. The conference provided a great opportunity for Osteopore to increase its awareness and credibility amongst Oral Maxillofacial (OMF) surgeons. Osteopore met with several Singapore and SEA based OMF surgeons and the Company's sales team is actively engaging with them post the event.







Near term outlook

The easing of Covid-19 related restrictions in the USA has seen an increase in activity with the Company's distributor Bioplate. As a result, the Methodist Hospital in Houston, Texas, is the latest institution to indicate a strong interest in Osteoplug which the surgeons find appealing due to its regenerative properties and snap-fit features which remove the need for screws and plates. In other regions of the USA, surgeons have reached out to Osteopore to express their interest in trialling Osteoplugs in the plug and strip configurations in cranial procedures.

Product adoption in Europe is growing with surgeons in Italy and Greece placing orders for Osteomesh for evaluation in investigator-initiated trials relating to orbital floor procedures. The successful replication of results achieved in other countries and documented in clinical research will contribute to establishing a robust basis for growing demand into the future.

To address around 10% postoperative lead migration in deep brain stimulation (DBS) devices documented in the clinical literature, surgeons at the Hamburg University Hospital used Osteoplug-C to accommodate the electrode leads from the DBS device implanted in the patient to treat the motor symptoms caused by Parkinson's disease. This use of Osteoplug-C represents an exceptionally cost-effective approach to ensuring successful patient outcomes and extends the positive results attributed to the use of Osteoplug-C in securing the position of cerebral shunts into a new field of neurosurgery, including the treatment of a range of disorders including Parkinson's disease, essential tremor, dystonia, epilepsy, as well as certain behavioural disorders and chronic pain management.

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Corporate and Financial Summary

The attached Appendix 4C provides details on the cashflows for the quarter ended 30 June 2021. As at 30 June 2021 the Company had a cash balance of $7.1m. The Company's net cash used in operating activities for the quarter amounted to $0.7m and included expenditure on advertising and marketing ($0.1m), staff costs ($0.5m) and administration and corporate costs ($0.4m).

Use of Funds Statement

Osteopore was admitted to the official list of the ASX on 19 September 2019 following completion of an IPO raising $5.25m. The June 2021 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 30 June 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 June 2021 quarter.

Use of funds – Year 1 & 2[1]	Actual Total (19 Sep 19 - 30 Jun 21)	Prospectus Total (19 Sep 19 - 19 Sep 21)
International expansion	$2,204,109	$1,999,999
Research and development / patents	$585,789	$541,000
Regulatory approval – new markets[2]	$266,503	$545,000
Regulatory approval – new products[2]	$126,545	$450,000
General administration fees and working capital[3]	$5,516,903	$1,542,292
Estimated expenses of the Offers[4]	$1,390,062	$704,956
Total	$10,089,912	$5,783,247

The Company notes:

1. That since listing the Company has received total cash receipts of approx. $2.29m and grant funding receipts of approx. $0.79m. Additionally, the Company undertaken a secondary capital raising of $8.5m and provided an updated use of funds in the investor presentation dated on 10 June 2021 (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, China 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.

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Related Party Transactions

Payments in the March quarter to related parties of $60k included at Item 6 in the attached Appendix 4C comprised fees paid to non-executive directors, accounting and company secretarial services and reimbursements.

This announcement and presentation 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

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Name of entity	
Osteopore Limited	
ABN	**Quarter ended ("current quarter")**
65 630 538 957	30 June 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	245	550
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	67	-
	(c) advertising and marketing	(104)	(169)
	(d) leased assets	-	-
	(e) staff costs	(539)	(1,264)
	(f) administration and corporate costs	(444)	(838)
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	54	102
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(720)**	**(1,618)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(90)	(124)
	(d) investments	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 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	(20)	(20)
2.6	**Net cash from / (used in) investing activities**	**(110)**	**(144)**

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	(30)	(115)
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**	**(30)**	**(115)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,987	9,027
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(720)	(1,618)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(110)	(144)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(30)	(115)
4.5	Effect of movement in exchange rates on cash held	(3)	(26)
4.6	**Cash and cash equivalents at end of period**	**7,124**	**7,124**

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	7,124	7,987
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)**	**7,124**	**7,987**

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	60
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

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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)	308	308
7.4	**Total financing facilities**	**308**	**308**
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 related party ($291k) and other third parties ($18k). 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)	(720)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	7,124
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	7,124
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**10**

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

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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 July 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.

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