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ASX RELEASE | OSTEOPORE LIMITED

SEPTEMBER 2021 QUARTERLY ACTIVITIES REPORT

Highlights:

- *Osteopore achieved S$181,130 (A$182,871) in revenue for Q3 CY21 with improving gross margins at 74.9% compared to 52.7% achieved in Q3 CY20.*
- *The Company ended the quarter with A$5,963,690 cash on hand, allowing for the continued execution of its growth strategy and to take advantage of the expected increased activity in elective surgeries.*
- *Company CEO, Khoon Seng Goh, has identified a gradual trend towards pre-pandemic business activity and is confident that the Company will resume its sales growth trajectory by Q1 CY22.*

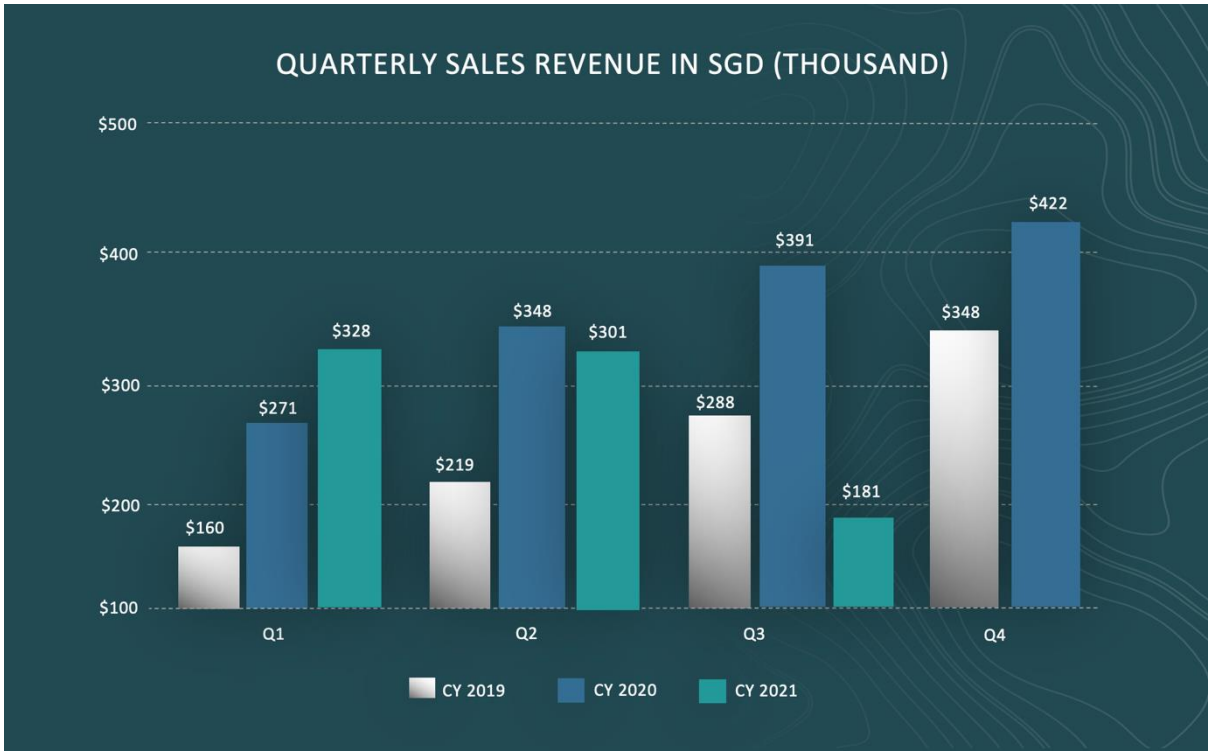
29 October 2021: Osteopore Limited (ASX: OSX) ("Osteopore" or the "Company"), a revenue-generating medical technology company that has commercialised a range of patented 3D printed bioresorbable products, is pleased to release its quarterly results presentation and Appendix 4C cash flow statement for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

Financial Performance

Despite the considerable disruption COVD-19 has caused global healthcare systems, particularly curtailing demand in the Company's key markets in South Korea and Vietnam while also temporarily arresting business expansion in new markets, Osteopore achieved S$181,130 (A$182,871) in revenue for Q3 CY21 and ended the quarter with A$5,963,690 cash on hand. This revenue continues to provide a commercial foundation to build from, with a post-COVID strategy in place to scale. As global vaccinations increase and the pandemic eases, Osteopore expects revenue to gradually return to its pre-COVID levels with increased momentum.

During the quarter, Osteopore continued to work towards maintaining and improving its margins. A gross margin of 74.9% of sales revenue was achieved in Q3 CY21, reflecting an encouraging improvement over the 52.7% achieved in Q3 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

"Prior to COVID-19, Osteopore's revenue trajectory was accelerating. We have seen clear signs of a gradual return to business activity in all markets in which we are active. Given our investment and efforts in providing distributors with virtual training and support in the techniques required to apply our products over the past six months, we are confident that sales will recover to pre-COVID levels by the first Quarter of 2022" said Osteopore CEO, Khoon Seng Goh.

Recently appointed Chairman and Non-Executive Director, Mark Leong said "While we acknowledge that sales revenues in the third quarter are significantly below expectations, we are starting to see a global effort to manage and live with the COVID pandemic and are cautiously optimistic about the steady return to pre-pandemic levels of activity coupled with the emergence of new potential opportunities. We will sharpen our focus to resume Osteopore's growth path."

Osteopore continues to be included as an "essential service" in Singapore, allowing it to remain open and operational while executing its growth strategy.

Board Renewal

Osteopore is undergoing a Board renewal process and recently accepted the resignations of non-executive Chairman, Brett Sandercock as well as non-executive Directors Stuart Carmichael and Geoff Pocock. The Company expresses its appreciation and gratitude to them for guiding Osteopore through its transition from a private to public company since its admission to the ASX on 19 September 2019. In line with Osteopore's active process of Board rejuvenation, the Company has secured experienced corporate executives Mark Leong as Chairman and Non-Executive Director as well as Daniel Ow as Non-Executive Director.

Osteopore continues to seek to expand the depth and breadth of its director skillsets and expertise to help drive, complement, and fine-tune its growth strategy.

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Australian Clinical Trials

In August, Osteopore signed an agreement with a renowned Queensland plastic and reconstructive surgeon to conduct two ground-breaking human clinical trials that will involve 10 patients in each study and run for up to five years. The clinical trials will involve detailed in-situ evaluation and validation of two of Osteopore's patented PCL-TCP 3D-printed bone scaffold systems and the world leading surgical techniques used to treat patients with cranial or lower limb bone defects. The research is an important step in allowing Osteopore to further develop and refine its next generation scaffolds and expand their commercial use globally to improve the lives of more patients.

Near term outlook

Osteopore believes the company is in a strong position to grow sales as demand for elective surgeries increases following the decline of COVID-19 infections and reduced pressure on hospital systems globally. This increased access to hospitals and surgeons is expected to drive sales in the near term, and the resuming of in-person medical trade shows, most recently at the Congress of Neurosurgery in Austin, Texas, will help Osteopore continue its engagement with healthcare decision makers.

In anticipation of growing demand, Osteopore is working with current distribution partners to ensure our leading off-the-shelf products are stocked in hospital inventory systems for key markets. The Company is leveraging early adopters (surgeons and hospitals) to achieve product sales momentum in their territories, initiating targeted sales and marketing campaigns and ramping up training programs to ensure distribution partners are educated and supported to drive adoption and sales.

Over the past Quarter, the Company completed product application training on burr-hole restoration with our distributors in Asia, Europe, and the USA. In addition, the first product application training for craniotomy procedures was conducted with our distributor in the USA. The effort expended on training is expected to drive product demand as our distributors meet with surgeons who have resumed their normal caseloads.

New orders for products have recently been received from the key markets of South Korea and Vietnam, marking an end to the COVID-19 related shutdown that severely impacted the Q3 CY21 sales.

Corporate and Financial Summary

The attached Appendix 4C provides details on the cashflows for the quarter ended 30 September 2021. As at 30 September 2021 the Company had a cash balance of $5.96m. The Company's net cash used in operating activities for the quarter amounted to $1.06m and included expenditure on advertising and marketing ($0.07m), staff costs ($0.54m) and administration and corporate costs ($0.64m).

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 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 cumulative actual expenditure since admission to 19 September 2021 against the estimated expenditure in the use of funds statement is set out below as required by ASX Listing Rule 4.7C.2.

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Use of funds – Year 1 & 2[1]	Actual Total (19 Sep 19 - 19 Sep 21)	Prospectus Total (19 Sep 19 - 19 Sep 21)
International expansion	$2,502,690	$1,999,999
Research and development / patents	$904,282	$541,000
Regulatory approval – new markets[2]	$294,627	$545,000
Regulatory approval – new products[2]	$140,390	$450,000
General administration fees and working capital[3]	$6,156,992	$1,542,292
Estimated expenses of the Offers[4]	$1,390,062	$704,956
Total	$11,389,042	$5,783,247

The Company notes:

1. That since listing the Company has received total cash receipts of approx. $2.46m and grant funding receipts of approx. $0.95m. Additionally, the Company undertook 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 and staff 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 $62,000 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 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 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

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

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	272	822
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(152)	(152)
	(c) advertising and marketing	(68)	(236)
	(d) leased assets	-	-
	(e) staff costs	(535)	(1,799)
	(f) administration and corporate costs	(639)	(1,476)
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	58	160
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,063)**	**(2,681)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(50)	(174)
	(d) investments	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 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	(19)	(39)
2.6	**Net cash from / (used in) investing activities**	**(69)**	**(213)**

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	(31)	(146)
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**	**(31)**	**(146)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,124	9,027
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,063)	(2,681)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(69)	(213)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(31)	(146)
4.5	Effect of movement in exchange rates on cash held	2	(24)
4.6	**Cash and cash equivalents at end of period**	**5,963**	**5,963**

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	5,963	7,124
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)**	**5,963**	**7,124**

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	62
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)	303	303
7.4	**Total financing facilities**	**303**	**303**
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 ($300k) and other third parties ($3k). 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)	(1,063)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,963
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	5,963
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**5.61**

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: 29 October 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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