

25 July 2023

Osteopore signs non-binding Term Sheet with CellHeal which will commit AUD 10m to accelerate commercialisation in China

Highlights

- Term Sheet to negotiate a licensing agreement with CellHeal to setup manufacturing facilities, attain regulatory approvals and commercialise select Osteopore regenerative medicine technology applications in China.
- CellHeal commits to raising AUD 10 million to fund commercialisation activities in China.
- The Term Sheet includes a proposed royalty per product of 10-20% for Osteopore as a percentage of net sales.
- The partnership with CellHeal paves the way for greater market penetration and visibility in China for Osteopore's regenerative medicine technology.
- Osteopore and CellHeal working towards executing a definitive non-exclusive licensing agreement to develop, manufacture and commercialise select applications in China by August 2023.
- The regenerative medicine market in China was reported to be AUD 5.9 billion in 2021, a 26% year-on-year increase. The market is expected to reach AUD 19.2 billion by 2030 with a CAGR of 13-15%¹.

¹ 2022 China Regenerative Medicine Industry Overview: Development Comparison Research Report, 2022/08.

Note that the addressable market size is in RMB in the report and has been converted at an exchange rate of 1 CNY : 0.207005 AUD – source XE.com.

Australian-Singaporean medical technology company **Osteopore Limited** (ASX: **OSX**; **Osteopore** or **Company**) is pleased to announce that it has signed a non-binding term sheet (**Term Sheet**) with CellHeal Pty Ltd (**CellHeal**), a biopharmaceutical company focusing on Cell Gene Therapy (CGT) and the discovery and advancement of immunotherapeutic solutions for chronic infectious diseases and cancer.

The Term Sheet provides a framework to negotiate definitive agreements for the licensing of select Osteopore intellectual properties (IP) and technologies – 3D printed biomaterials for bone, cartilage and tissue regeneration – to CellHeal, a recognised partner that specialises in commercialising products for entry into the Chinese market.

Melbourne-based CellHeal is seeking to commercialise Osteopore's regenerative medicine technology in both China and Macau. Although Osteopore's products do not currently have regulatory approval in China or Macau, the Company's products can be marketed and sold in Hong Kong and Taiwan.

Subject to the terms of this Term Sheet, CellHeal commits to raising approximately AUD 10 million to strengthen Osteopore's commercialisation efforts in China. Funds would be allocated to the setup of manufacturing facilities, clinical trials, attaining regulatory approvals and launching Osteopore's products in China.

Osteopore will work towards negotiating a royalty with CellHeal for each product as a percentage of net sales, subject to due diligence and detailed market research. The percentage is expected to be within the range of 10-20%.

CellHeal would set up a Good Manufacturing Practice (GMP) manufacturing facility in China to manufacture Osteopore products, attain regulatory approvals and commercialise nose and dental applications relating to bone, cartilage and tissue regeneration.

Osteopore would provide CellHeal with a non-exclusive royalty-bearing licence to develop, manufacture and commercialise the Company's groundbreaking technology across China and Macau. Osteopore would also provide equipment, consumables, management and consultation services to assist with manufacturing setup.

Upon the manufacturing facility being completed and meeting necessary requirements, Osteopore intends to order A\$600,000 worth of products manufactured from the facility each year from CellHeal, at Osteopore's wholesale price with a 10% administration fee on each

order. The period over which this order is fulfilled will depend on the number of products required by Osteopore.

Unlocking growth through licensing to capture value in the growing cell therapy market

The partnership marks a transformational opportunity for Osteopore to license its pioneering technology to a proven partner in CellHeal, and in doing so transfer the Company's innovation to China.

Licensing Osteopore's innovative technology to CellHeal could enable faster market penetration and unlock strategic advantages for the Company, including the ability to capitalise on Osteopore IP and leverage CellHeal's resources, capabilities and market access. In partnering with CellHeal, Osteopore would gain access to the Company's customer base, distribution channels and research resources, which could pave the way for global expansion, business growth and new revenue streams for Osteopore.

Osteopore's technology has the potential to complement other products and therapies to enhance clinical healing outcomes. The cell therapy market - comprising both autologous and non-autologous treatments - is projected to reach AUD 67 billion by 2030 at a compound annual growth rate (CAGR) of 14.5% from 2022 to 2030²

The scope of the Term Sheet, subject to the execution of license agreements, is detailed below:

- **Field of Use:** Commercial applications in the nose and dental regions, relating to bone, cartilage and tendon tissue regeneration and any other Fields of Use agreed between Osteopore and Licensee, from time to time.
- **Grant of License:** Non-exclusive, royalty-bearing license to develop, manufacture, and commercialise OSX technology, either alone or as part of combination products or combination therapies, in all Fields of Use in or for the Licensed Territory.
- **Licensed Territory:** Greater China, which includes China, Hong Kong, Macau, and Taiwan.

² <https://www.biospace.com/article/cell-therapy-market-size-cagr-trends-forecast-report-2022-2030>. Note that the addressable market size is in USD in the report and has been converted at an exchange rate of 1 USD : 1.48706 AUD – source XE.com.

- **Sublicensing:** The Licensee may sublicense its licensing rights to other parties with the prior consent of OSX. The Definitive Agreements will set out the consent regime.
- **Royalties/License Fee & Term:** Parties will negotiate definitive agreements for the license fee and term which will be a minimum of 15 years. A royalty for each Licensed Product as a percentage of Net Sales is expected to be 10-20%.
- **Timing:** The Parties agree to work towards signing a Definitive Agreement before 30 August 2023. This Term Sheet will automatically terminate on 30 September 2023 unless otherwise agreed to by the parties in writing.
- **Funding Conditions:** The grant of the licence under this Term Sheet and the obligations on the Licensee to expend money are subject to and conditional on the Licensee securing any necessary third-party funding.
- **Exclusivity and Costs:** No exclusivity applies to the negotiations between the parties under the Term Sheet. Each party is responsible for its own costs in connection with the proposed transaction whether it proceeds or not.

Commenting on Osteopore's expansion to China, Osteopore Executive Chairman Mark Leong said:

"We are thrilled to embark on this strategic partnership with CellHeal as it signifies an important step in Osteopore's market penetration of China.

This also marks the first time Osteopore have added licensing and royalties to our commercialisation strategy. Together with CellHeal as a strategic partner, Osteopore is making a very significant step into entering the China market with the set up of manufacturing facilities to develop, manufacture and commercialise our groundbreaking implants.

Leveraging the synergies of our expertise, resources and shared vision, we are confident this partnership will unlock opportunities to change lives and expand our footprint."

Commenting on CellHeal's strategic partnership with Osteopore, CellHeal Co-Founder Joy Song said:

"CellHeal has the resources, capabilities and market access to bring Osteopore's life-changing products into Greater China.

Signing the Term Sheet is a key step towards the commercialisation of Osteopore's pioneering regenerative medicine technology and opens the door to growth opportunities in China."

The regenerative medicine market in China was reported to be AUD 5.9 billion in 2021, a 26% year-on-year increase. The market is expected to reach AUD 19.2 billion by 2030 with a CAGR of 13-15%¹.

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This announcement dated 25 July 2023 has been authorised for release to the ASX by the Board of Osteopore Limited.

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About Osteopore Limited

Osteopore Ltd is an Australian-Singaporean medical technology company aiming to commercialise products designed to enable 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 dissolves over time to only allow natural and healthy bone tissue, significantly reducing the post-surgery complications commonly associated with permanent bone implants. Our 3D printing technology is unique to Osteopore.

About CellHeal Therapeutics

CellHeal is a biopharmaceutical company focused on developing Cell Gene Therapy medicine and personalised treatments. The company engages in the discovery and development of novel immunotherapeutic products for the treatment of chronic infectious diseases and cancer. CellHeal utilises its industry expertise and rigorous analysis to support Australian CGT leaders accelerate and commercialise products for market entry into Greater China.

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. Depending on various factors, actual results may differ materially from those expressed or implied by these forward-looking statements.