

ASX Media Release

Company Update

SYDNEY 11th August 2022 – In light of the COVID-19 challenges highlighted in January 2022 (refer ASX announcement 19th January 2022) Allegra Orthopaedics Limited's ('Allegra') (ASX:AMT) Orthopaedics Division continues to be adversely affected by the ongoing impacts caused by the COVID-19 pandemic. Hence the following update is provided.

As a result of the ongoing cancellation of elective surgeries in both private and public hospitals which is caused by nursing shortages, bed shortages and COVID-19 related illnesses affecting medical personnel & patients, Allegra's revenues generated from its Orthopaedic Division continue to be materially and negatively impacted.

Allegra's preliminary guidance for FY2022 of its Orthopaedic Division, is revenues of approximately \$2,900,000, which is down on the revenue figures previously announced on 19 January 2022. The Orthopaedics Division is also expecting a trading loss of approximately \$900,000 which is in line with the range announced on 19 January 2022.

The above guidance is based on preliminary unaudited financials and maybe subject to change.

Consequently, Allegra's Board of Directors are exploring options to mitigate the negative financial impact resulting from the Orthopaedic Division's current and expected performance. One such avenue is the possible divestment of the Orthopaedic Division, with the proceeds being directed to the ongoing cash required by its Innovation Division's current commercialisation project, being the Bio Ceramic Cervical Spinal Fusion Cage.

If Allegra were to divest its Orthopaedics Division, it would result in the company being exclusively a medical innovations organisation and therefore may be able to attract new investors who are interested only in Allegra's innovation projects.

Allegra's Innovation Division continues to see positive results from the Sr-HT-Gahnite commercialization project (refer ASX announcement 5th August 2022).

Allegra's Board are also contemplating a capital raise in the near future to support the current commercialization project which includes costs associated with US regulatory approval (FDA 510k) clearance processes for the Sr-HT-Gahnite Cervical Spinal Cage, which expected in early 2023.

Any divestment or capital raise explored by Allegra will be subject to Listing Rule requirements.

This announcement has been authorised for release by Jenny Swain CEO.

Allegra Orthopaedics Limited

Level 8, 18 --- 20 Orion Rd, Lane Cove West NSW 2066 Australia; PO Box 72 St Leonards NSW 2065 Australia

T +612 9119 9200 **T** Toll Free 1800 644 370

F +612 9439 4441 **F** Toll Free 1800 624 223

E sales@allegraorthopaedics.com

www.allegraorthopaedics.com



Contact details:

Robyn Slaughter
Company Secretary
D: +61 2 8072 1435

ABOUT ALLEGRA ORTHOPAEDICS:

We aim to help bring the freedom and happiness of pain-free movement to people's lives. We achieve this through providing the best possible solutions for patients, from world-wide industry leading orthopaedic products through to Australian innovations. Allegra's principal product, the Active Total Knee, has significantly improved the quality of life for many people and remains a focused product line. Allegra is also the exclusive distributors of Waldemar Link GmbH & Co. KG products in Australia. Link consists of a range of complex lower limb, hip and knee replacements, including oncology solutions. The Link products add to Allegra's well-developed range of products for distribution from international suppliers covering all specialties from foot and ankle to upper limb. The company is pleased to continue to build upon its extensive portfolio of patents. It has strong research relationships with universities, companies and surgeon inventor.

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