



Allegra Orthopaedics Limited

ACN 066 281 132

Pro Rata Non-Renounceable Entitlement Offer Booklet

1 for 3 pro rata non-renounceable entitlement offer at \$0.09 per Share.

Last date for acceptance and payment: 5.00pm (AEST) on 22 August 2023

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Allegra Orthopaedics Limited

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

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IMPORTANT NOTICES

This Offer Booklet is dated Wednesday, 19 July 2023. Capitalised terms in this section have the meaning given to them in this Offer Booklet.

The Entitlement Offer is being made without a prospectus under section 708AA of the Corporations Act (as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*).

Not investment advice

This Offer Booklet does not contain all of the information which a prospective investor may require to make an informed investment decision regarding an application for the Offer Shares or Additional Shares offered under the Entitlement Offer. The information in this Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

If you have any queries or are uncertain about any aspect of the Entitlement Offer, please consult your stockbroker, accountant or other professional advisor. You should also refer to the "Risk factors" Section of this Offer Booklet.

This Offer Booklet is important and should be read in its entirety before deciding to participate in the Entitlement Offer. This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC.

The Company may make additional announcements after the date of this Offer Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration about whether you should participate in the Entitlement Offer.

No party other than the Company has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

By returning an Entitlement and Acceptance Form or otherwise paying for your Offer Shares or Additional Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Offer Booklet.

Offer in Australia and New Zealand only

This Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Offer Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the Offer Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Offer Booklet is not to be distributed in, and no offer of Offer Shares or Additional Shares is to be made in countries other than Australia and New Zealand and to certain

institutional shareholders in the United Kingdom as described below. The distribution of this Offer Booklet (including an electronic copy) in other jurisdictions may be restricted by law and therefore persons who come into possession of this Offer Booklet should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the Offer Shares, or otherwise permit the public offering of the Offer Shares, in any jurisdiction outside Australia and New Zealand.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for Offer Shares is subject to all requisite authorities and clearances being obtained for the Company to lawfully receive your Application Monies.

New Zealand

The Offer Shares are not being offered or sold to the public within New Zealand other than to existing Allegra Orthopaedics Limited shareholders with registered addresses in New Zealand to whom the offer of Offer Shares is being made in reliance on the provisions of the *Financial Markets Conduct Act 2013 (New Zealand)* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2018 (New Zealand)*.

This Offer Booklet has been prepared in compliance with Australian law and is not an investment statement, prospectus or product disclosure statement under New Zealand Law and has not been registered, filed with or approved by a New Zealand regulatory authority, the *Financial Markets Conduct Act 2013 (New Zealand)* or any other relevant law in New Zealand. This Offer Booklet may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain. It is a term of the Entitlement Offer that the offer of securities to the public in New Zealand is made in compliance with the laws of Australia and any code, rules and requirements relating to the offer of Securities that apply in Australia.

Definitions, currency and time

Defined terms used in this Offer Booklet are contained in Section 5. All references to currency are to Australian dollars and all references to time are to the time in Sydney, New South Wales, unless otherwise indicated.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving Offer Shares. The Company and the Directors consider that it is not appropriate to give advice regarding the tax consequences of subscribing for Offer Shares and Additional Shares or the subsequent disposal of any Offer Shares or Additional Shares. The Company and the Directors recommend that you consult your professional tax adviser in connection with the Entitlement Offer.

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Privacy

The Company and the Share Registry may have already collected certain personal information from Shareholders. The Company and the Share Registry also collect information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in the Company. If you do not provide the Company with your personal information, your Application may not be able to be processed.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or through the Share Registry). The Company collects, holds and will use that information to assess your Application. The Company collects your personal information to process and administer your shareholding in the Company and to provide related services to you. The Company may disclose your personal information for purposes related to your shareholding in the Company, including to the Share Registry, the Company's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies.

In most cases, you can obtain access to your personal information held by (or on behalf of) the Company or the Share Registry. The Company aims to ensure that the personal information retained about you is accurate, complete and up to date. To assist the Company with this, please contact the Company if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information the Company has about you, the Company will take steps to correct it. To make a request for access to your personal information held by (or on behalf of) the Company or the Share Registry, please contact the Company through the Share Registry as follows:

Automatic

GPO Box 5193, Sydney NSW 2001, AUSTRALIA

Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Offer Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Offer Booklet may not be relied upon as having been authorised by the Company or any of its officers.

Past performance

Investors should note that the Company's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) the

Company's future performance including the Company's future financial position or share price performance.

Future performance

This Offer Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of the Company and certain plans and objectives of the management of the Company. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither the Company, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of the Company. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Offer Booklet in light of those disclosures.

Risks

Refer to the "Risk factors" Section 4 of this Offer Booklet for a summary of general and specific risk factors that may affect the Company.

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Chairman's Letter

19 July 2023

Dear Shareholder,

On behalf of the Directors, I am pleased to invite you to take up your entitlement in a 1 for 3 (1 new Offer Share for every 3 existing Shares) non-renounceable pro rata entitlement offer to subscribe for Offer Shares at the Issue Price as announced by the Company on 19 July 2023 to raise up to \$3,133,776 (before costs) (**Entitlement Offer**).

The Entitlement Offer is not underwritten.

The Company intends to use the proceeds of the Entitlement Offer as follows:

- Ongoing commercialization activities for the cervical spinal cage
- General and admin costs
- Corporate costs
- Financing costs
- Additional working capital
- To pay the costs of the Entitlement Offer.

The Entitlement Offer provides Eligible Shareholders with the opportunity to increase their investment in the Company. The Entitlement Offer will include a Shortfall Facility under which Eligible Shareholders, excluding Related Parties, who take up their full Entitlement will be invited to apply for Additional Shares from a pool of those Entitlements not taken up by other Shareholders. There is no guarantee that Applicants will receive all or any Additional Shares applied for under the Shortfall Facility. The Board reserves its right to alter the allocation policy and to allocate and issue Additional Shares under the Shortfall Facility at its discretion. For further information on the Shortfall Facility, including the allocation policy, please refer to Section 1.8 of this Offer Booklet.

Each of the Directors who holds Shares, either directly or indirectly, intends to take up their full or partial Entitlement under the Entitlement Offer. A summary of the potential control implications is set out in Section 3.3 of this Offer Booklet.

Key information with respect to the Entitlement Offer is set out in this Offer Booklet. Please read the Offer Booklet carefully (in particular the "Risk factors" in Section 4, which describe a number of key risks associated with an investment in the Company). If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional adviser.

The number of Offer Shares that you are entitled to subscribe for under the Entitlement Offer is set out in your personalised Entitlement and Acceptance Form accompanying this Offer Booklet. If you are an Eligible Shareholder and you wish to accept your Entitlement, you will need to complete the Entitlement and Acceptance Form and return it together with the appropriate application money to the Company's Share Registry so that it is received by no later than 5.00pm (AEST) on Tuesday, 22 August 2023 (**Closing Date**).

If you do not wish to take up any of your Entitlement, you do not have to take any action. As the Entitlement Offer is non-renounceable, Entitlements will not be tradeable on ASX or otherwise transferable. If you do not take up your full Entitlement, those Entitlements that you do not take up will lapse and you will not receive any payments or value for them.

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If you have any questions in relation to how to participate in the Entitlement Offer, please contact the Registry on 1300 288 664 (Within Australia) or +61 2 9698 5414 (outside Australia) from 8.30am to 5.00pm AEST, Monday to Friday during the Entitlement Offer Period. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

On behalf of the Directors, I invite you to consider participating in the Entitlement Offer and thank you for your ongoing support of the Company.

Yours sincerely,

Mr Peter Kazacos
Chairman

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Summary of the Entitlement Offer

| Entitlement Offer | |
|-------------------------------|---|
| Ratio | 1 Offer Share for every 3 Share |
| Issue Price | \$0.09 per Offer Share |
| Size | 34,819,735 Offer Shares (subject to rounding) |
| Maximum Gross proceeds | \$3,133,776 |

Key dates

| Activity | Date |
|---|---|
| Announcement of the Entitlement and lodgement of Appendix 3B with ASX | Wednesday, 19 July 2023 |
| “Ex” Date for Entitlement Offer | Thursday, 27 July 2023 |
| Record Date for Entitlement Offer | 7.00 p.m. (AEST) on Friday 28 July 2023 |
| Offer Booklet and Entitlement and Acceptance Form despatched and announced. Entitlement Offer opens. | Wednesday, 2 August 2023 |
| Last day to extend the Closing Date | Thursday, 17 August 2023 |
| Closing Date of the Entitlement Offer | 5.00 p.m. (AEST) on Tuesday, 22 August 2023 |
| Shares quoted on a deferred settlement basis | Wednesday, 23 August 2023 |
| Announcement of results of Entitlement Offer and under-subscriptions | Thursday, 24 August 2023 |

Notes:

All references to time are to the time in AEST, as observed in Sydney, New South Wales. This timetable is indicative only and subject to change. The Directors may vary these dates, subject to the Listing Rules and the Corporations Act. An extension of the Closing Date will delay the anticipated date for issue of the Offer Shares. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the Offer Shares. In that event, the relevant application monies (without interest) will be returned in full to Applicants.

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1. Offer details

1.1 The Entitlement Offer

This Entitlement Offer is a non-renounceable offer of 34,819,735 Offer Shares (subject to rounding) at an issue price of \$0.09 per Offer Share, on the basis of 1 Offer Share for every 3 Shares held as at the Record Date, 7 p.m. (AEST) on Friday, 28 July 2023. Fractional entitlements will be rounded up to the nearest whole number. The Entitlement Offer will raise up to a maximum of \$3,133,776 (before costs).

The Directors consider that the Issue Price for the Entitlement Offer is fair and reasonable given the size of the capital raise taking into consideration historical price, liquidity and turnover of shares traded in the market over the past 12 months.

The Directors may at any time decide to withdraw this Offer Booklet and the offer of Offer Shares made under this Offer Booklet, in which case the Company will return all application monies received (without interest).

1.2 Purpose of the Entitlement Offer

The Company intends to use the proceeds of the Entitlement Offer as follows:

- Ongoing commercialization activities for the cervical spinal cage
- General and admin costs
- Corporate costs
- Financing costs
- Additional working capital
- To pay the costs of the Entitlement Offer.

The below table provides a breakdown of the proposed use of funds and assumes that 100% of Offer Shares will be applied for by Eligible Shareholders:

| Description | Use of Funds | % |
|-------------------------------|--------------------|----------------|
| Innovation Development Costs | \$1,323,000 | 42% |
| General Corporate Purposes | \$340,000 | 11% |
| Corporate Costs | \$330,000 | 11% |
| Financing Costs* | \$260,000 | 13% |
| | | |
| Cost of the Entitlement Offer | \$25,000 | 1% |
| Additional working capital | \$855,776 | 22% |
| TOTAL | \$3,133,776 | 100.00% |

The following table provides a breakdown of "General Corporate Purposes" from the table above:

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| Payment | \$ |
|---|------------------|
| Office Rental & corporate insurance premiums | \$184,000 |
| CEO & Finance Manager Services fee plus office facilities fee | \$156,000 |
| Total payments for “General Corporate Purposes” | \$340,000 |

In the event that circumstances change, or other better opportunities arise, the Directors reserve the right to vary the proposed uses of the Entitlement Offer proceeds to maximise the benefit to Shareholders.

1.3 Underwriting

The Entitlement Offer is not underwritten.

1.4 Minimum subscription

There is no minimum subscription for Offer Shares under the Entitlement Offer.

1.5 Eligibility of Shareholders

The Entitlement Offer is an offer to Eligible Shareholders only.

Eligible Shareholders are Shareholders on the Record Date, 7.00 p.m. (AEST) on Friday, 28 July 2023, who have a registered address in Australia and New Zealand or who are Shareholders that the Company has otherwise determined are eligible to participate. In particular, this Entitlement Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

By making a payment by BPAY® or EFT, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

By receiving this Offer Booklet, you will be taken to have acknowledged and agreed that determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Allegra in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Allegra has decided that it is unreasonable to make offers under the Entitlement Offer to shareholders who have registered addresses outside Australia or New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. Allegra may (in its absolute discretion) extend the Entitlement Offer to shareholders who have registered addresses outside Australia or New Zealand in accordance with applicable law.

1.6 Ineligible Shareholders

Shareholders who are not Eligible Shareholders are Ineligible Shareholders. The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of those Shareholders, the relatively low number and value of Shares that they hold, considered against the cost of complying with the applicable regulations and law restrictions on the offer of New Shares in the relevant jurisdictions outside Australia and New Zealand.

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1.7 Entitlements trading on ASX

Entitlements are non-renounceable, which means that all or part of an Eligible Shareholder's Entitlement cannot be traded on ASX.

Any Eligible Shareholder who has not taken up their Entitlements by the Closing Date or the date which Entitlement trading Ends (respectively) will automatically have the balance of their Entitlements lapse, with the forfeit of any potential benefit to be gained from taking up that part of their Entitlement (where applicable).

1.8 Eligible Shareholders may apply for Additional Shares

Entitlements not taken up may become available as Additional Shares. Eligible Shareholders who are not Related Parties may, in addition to their Entitlements, apply for Additional Shares over and above their Entitlement at the Issue Price, subject to the takeover prohibition in Chapter 6 of the Corporations Act. Additional Shares will be issued at the same Issue Price (\$0.09) as the Offer Shares.

If you wish to subscribe for Additional Shares in addition to your Entitlement, then you should nominate the maximum number of Additional Shares you wish to subscribe for on the Entitlement and Acceptance Form and make payment for your full Entitlement plus the Additional Shares (at \$0.09 per Offer Share).

There is no guarantee that Eligible Shareholders will receive the number of Additional Shares they apply for, or that they will receive any Additional Shares at all. The Company reserves the right to scale-back any applications for Additional Shares in their absolute discretion and to ensure that no Shareholder will as a consequence of taking up their Entitlement and being issued any Additional Shares breach Chapter 6 of the Corporations Act. However, it is the sole responsibility of the Eligible Shareholder to determine the maximum level of Offer Shares for which they can apply.

The allocation policy for Additional Shares subscribed for pursuant to the Shortfall Facility will be to any Eligible Shareholders who have taken up their full Entitlement and have applied for Additional Shares through the Shortfall Facility by the Closing Date, unless there is an oversubscription for Additional Shares, in which case Additional Shares may be subject to scale-back and Eligible Shareholders will receive Additional Shares on a pro rata basis having regard to the proportion of oversubscription for Additional Shares.

In addition, if any Shortfall remains following completion of the Entitlement Offer (which includes the issue of Additional Shares), the Directors reserve their right to exercise their discretion to issue such remaining Shortfall within 3 months of the Closing Date in accordance with the Corporations Act and ASX Listing Rules.

The Directors reserve their rights to alter this allocation policy and to allocate and issue Additional Shares under the Shortfall Facility at their discretion, including for example, as to the multiple of Additional Shares to the shareholder's original holding.

Related Parties, including Directors, are not entitled to subscribe for Additional Shares.

It is an express term of the Offer that Applicants who apply for Additional Shares will be bound to accept a lesser number of Additional Shares allocated to them than applied for. If a lesser number is allocated to them, excess Acceptance Money will be refunded (where the amount is \$1.00 or greater) and will be returned to Eligible Shareholders as soon as practicable following the Closing Date, without interest. You will be paid by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders). Alternatively, you will be paid by direct deposit where the Registry holds bank account details in respect of your shareholding.

If you make payment by BPAY® or EFT:

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- (a) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make each of the statements and representations in that form; and
- (b) if your payment exceeds the amount payable for your full Entitlement, you are taken to have accepted your Entitlement in full and to have applied for such number of Additional Shares which is covered in full by your Application monies.

If you apply for Additional Shares under the Shortfall Facility and your Application is successful (in whole or in part), your Additional Shares will be issued at the same time as other Offer Shares are issued under the Entitlement Offer.

In addition, no Shares under the Entitlement Offer will be issued to any Eligible Shareholder if, in the view of the Directors, to do so would result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

1.9 Investment risks

Investors should carefully read the Section on "Risk Factors" outlined in Section 4 of this Offer Booklet. An investment of this kind involves certain risks, a number of which are specific to the Company and the industry in which it operates.

1.10 Offer Share terms

Each Offer Share will rank equally with all existing Shares currently on issue. The rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

1.11 Quotation of Offer Shares

The Company will apply for quotation of the Offer Shares on ASX. It is expected that normal trading of the Offer Shares will commence on or about Tuesday, 29 August 2023.

1.12 How to accept your Entitlement

Eligible Shareholders may accept their Entitlement either in whole or in part. They may also apply for Additional Shares under the Shortfall Facility (as set out in Section 1.8 above).

The number of Offer Shares to which Eligible Shareholders are entitled to is shown on the personalised Entitlement and Acceptance Form which accompanies this Offer Booklet.

If an Eligible Shareholder takes no action in respect of their Entitlement, they will not receive any Offer Shares pursuant to the Entitlement Offer. If you do not wish to accept all or any part of your Entitlement, do not take any further action and your Entitlement will lapse.

If you do not take up all of your Entitlement in accordance with the instructions set out above, any Offer Shares that you would have otherwise been entitled to under the Entitlement Offer may be placed by the Directors with other parties.

Eligible Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

- (a) **Payment by BPAY®**

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For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form, which includes the Biller Code and Customer Reference Number. Eligible Shareholders who have multiple holdings will have multiple Customer Reference Numbers. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Entitlement and Acceptance Form, but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Acceptance Money.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00 p.m. (AEST) on the Closing Date, Tuesday 22 August 2023. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

(b) Payment by EFT

For payment by EFT, please follow the instructions on the Entitlement and Acceptance Form, which includes your Unique Reference Number. The Unique Reference Number is used to identify your holding. Eligible Shareholders who have multiple holdings will have multiple Unique Reference Numbers. You must use the Unique Reference Number shown on each Entitlement and Acceptance Form to pay for each holding separately. Please note that should you choose to pay by EFT:

- (i) you do not need to submit the Entitlement and Acceptance Form, but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Acceptance Money.

It is your responsibility to ensure that your EFT payment is received by the Share Registry by no later than 5.00 p.m. (AEST) on the Closing Date, Tuesday 22 August 2023. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payments and you should therefore take this into consideration when making payment.

(c) Administration of applications for Offer Shares

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for Offer Shares under this Offer Booklet. The amount payable on Acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Money will be held in trust in a subscription account until allotment of the Offer Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any Acceptance Money received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded as soon as practicable following the Closing Date, Tuesday 22 August 2023. Any interest earned on the Acceptance Money will be retained by the Company irrespective of whether allotment takes place.

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

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1.13 Binding effect of Entitlement and Acceptance Form

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY®, constitutes a binding offer to acquire Offer Shares on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for Offer Shares. The Directors' decision on whether to treat an Acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Acceptance Money or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue Offer Shares under the Offer;
- (b) you acknowledge that the Offer Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand; and
- (c) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

1.14 Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Offer Booklet or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Shares in New Zealand or certain shareholders in such other country in which the Company may determine it is lawful and practical to make the Entitlement Offer.

Allegra Orthopaedics Limited

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2. The Company and its operations

2.1 Operations

(a) Company profile

The Company's business is organised around two business divisions:

Orthopaedic Division

This Orthopaedic Division has a range of orthopaedic implant products and surgical instrumentation from Australian and international suppliers covering all specialities from foot and ankle, upper limb, hip and knee, and tumour products for sale and distribution nationally.

On 2 May 2023, the Company announced that it had entered into a binding agreement with Robinwood Investments Pty Ltd (**RIPL**), substantial shareholder and an entity that is associated with Allegra's Non-Executive Director Nicholas Hartnell, for the sale of all the business assets, both tangible and intangible, of Allegra's Orthopedics division (**Divestment Transaction**). Under the Divestment Transaction, RIPL will pay the Company on completion of the Divestment Transaction \$1 million cash, plus the cost value of inventory being transferred to the Purchaser at completion in excess of \$3.3 million. Where the inventory at completion is less than \$3.3 million, the Company is liable to pay to RIPL an amount equivalent to any such shortfall. A summary of the material terms of the Divestment Transaction is set out in the ASX announcement dated 2 May 2023.

The Divestment Transaction is the result of an extensive review of various alternatives to ensure the Company is well positioned to advance the business activities of the Innovations Division, particularly the Spinal Cage technology, whilst maintaining close connections with its existing Orthopaedics business. The existing relationship with RIPL will allow this to happen.

Allegra has taken the decision to sell its Orthopaedics Division as this division has continued to underperform following the COVID 19 pandemic, with revenues being negatively impacted resulting in trading losses from this division in FY2022 and for the 6 months to December 2022. It is also expected this division will incur trading losses for FY2023. The Company intends to use the proceeds from the Divestment Transaction to pay down debt as interest costs have increased significantly over the last 12-months.

As a result of the transaction, Allegra will become exclusively focused on medical innovations and therefore may attract new investors who are interested only in Allegra's innovation projects.

The Divestment Transaction is conditional on approval of Allegra's shareholders under ASX Listing Rule 10.1 and 11.2. and other regulatory approvals. Shareholder approval of the transaction will be sought at an Extraordinary General Meeting at a future date.

Innovations Division

The Innovation Division contains a dedicated engineering team with a mandate to explore and develop innovative early stage technologies into commercially viable products available for manufacture by the company. Currently, the major project underway is the development and commercialisation of a load bearing biocompatible ceramic material known as 'Sr-HT Gahnite'.

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On 31 March 2023, the Company announced the submission of the 510(k) for the Sr-HT-Gahnite Spinal Cage Device (**Spinal Cage**) to the U.S. Food and Drug Administration (**FDA**). The submission is in the Substantive Review phase, with an Additional Information (AI) Request received on 26th May 2023 regarding device technological characteristics. Our submission is on hold while we respond to the Additional Information Request with clarification of the device properties, particularly the degradation profile.

(b) **Current projects**

Sr-HT-Gahnite Spinal Cage Device

Allegra Orthopaedics' bioceramic spinal fusion cage is 3D-printed from a synthetic bone regenerative bioceramic (Sr-HT-Gahnite) invented at The University of Sydney. The biomaterial possesses the mechanical strength required for load-bearing conditions and bioactivity needed for bone regeneration; producing a device with a design optimized for facilitating spinal fusion. Development commenced 2010 at The University of Sydney. Allegra licensed the IP in 2014 and successfully acquired all the registered patents and application for patents held by the by the University of Sydney in relation to Sr-HT-Gahnite in 2020.

2.2 Board

The Board of the Company is currently comprised of:

- (a) Peter Kazacos, Chairman;
- (b) Sean Mulhearn, Non-Executive Director; and
- (c) Nicholas Hartnell, Non-Executive Director.

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3. Control issues arising from the Entitlement Offer

3.1 Present position

As at 17 July 2023, based solely on notices provided under section 671B of the Corporations Act, unless otherwise noted, there are three Substantial Holders of Shares.

The relevant holding, and associated voting power, of each Substantial Holder based on the issued Share capital as at the date of this Offer Booklet is as follows:

| Name | Shares* | %** |
|--|-------------------|---------------|
| Andrew and Skye Leicester | 5,019,790 | 4.81% |
| CLJE Investment Pty Ltd | 8,883,579 | 8.50% |
| Nicholas Hartnell and Robinwood Investments Pty Ltd (collectively Nicholas Hartnell) | 39,499,038 | 37.81% |
| TOTAL | 53,402,407 | 51.12% |

*Based on number of Shares disclosed in each of the most recent Form 604.

** Based on total issued capital of the Company as at the date of this Offer Booklet.

Nicholas Hartnell, as a Substantial Holder, represent 37.81% of the issued Share capital. As of the date of this document and disclosed throughout this document, Nicholas Hartnell has confirmed that they will subscribe for their full or partial Entitlement. As of the date of this document, it is not known whether any other substantial shareholders will subscribe for, and the extent to which it may subscribe for, any of their Entitlements.

3.2 Capital structure

The current issued share capital of the Company, and maximum issued share capital of the Company following completion of the Entitlement Offer (assuming each Shareholder applies for their full Entitlement), is expected to be as follows:

| | Shares |
|---|--------------------|
| Shares on issue at the date of the Offer Booklet | 104,459,203 |
| Maximum number of Offer Shares (subject to rounding) | 34,819,735 |
| Maximum total share capital immediately after Issue* (subject to rounding) | 139,278,938 |

*The Company currently has 5,837,442 unlisted options on issue (**Unlisted Options**), which may be exercised prior to the Record Date in order to participate in the Offer. As at the date of this Offer Booklet, the Company does not

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anticipate the Unlisted Options will be exercised given the Company's share price is trading below the strike price of the Unlisted Options.

There are no shares or Unlisted Options on issue which are subject to escrow restrictions, either voluntary or ASX imposed.

3.3 Potential impact of the Entitlement Offer on control of the Company

The potential effect the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. However, given the structure of the Entitlement Offer, the Entitlement Offer may have a material effect on the dilution and/or control of the Company. The risks associated with dilution are also set out in Section 4.16 of this Offer Booklet.

In the event that Nicholas Hartnell takes up his full entitlement under the Offer, and if some or all Shareholders do not take up some or all of their Entitlements under the Offer, then Nicholas Hartnell's voting power in the Company will increase.

As there may be a potential change in the level of control of the Company, there is a requirement to disclose the effect on the Company which may result from the Offer. It is noted that there will be no change where 100% of Shareholders take up their Entitlements. An analysis of the changes in the voting power in the Company for Nicholas Hartnell under various scenarios has been undertaken to indicate its potential effect on the Company.

In the event that Nicholas Hartnell and his associates' subscribers for their full entitlement, Nicholas Hartnell and his associates' voting power will change as outlined under the several scenarios set out in the table below:

| Event | Number of Shares Held by Nicholas Hartnell | Voting Power of Nicholas Hartnell in the Company |
|--|---|---|
| As on the date of the Offer | 39,499,038 | 37.81% |
| After issue of Shares to Nicholas Hartnell and assuming 100% of Shareholders take up their Entitlement | 52,665,384 | 37.81% |
| After issue of Shares to Nicholas Hartnell and assuming 75% of Shareholders take up their Entitlement | 52,665,384 | 39.34% |
| After issue of Shares to Nicholas Hartnell and assuming 50% of Shareholders take up their Entitlement | 52,665,384 | 40.99% |
| After issue of Shares to Nicholas Hartnell and assuming 25% of Shareholders take up their Entitlement | 52,665,384 | 42.80% |

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| | | |
|---|------------|--------|
| After issue of Shares to Nicholas Hartnell and assuming no other Shareholders take up their Entitlement | 52,665,384 | 44.77% |
|---|------------|--------|

3.4 Potential impact of the Entitlement Offer on Shareholders if they do not take up their Entitlements and the maximum number of Offer Shares are issued

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted. Examples of how the dilution may impact Shareholders are detailed in the table below:

| Shareholder | Shareholding as at Record Date | % at Record Date | Entitlement | Shareholding if Entitlement not taken up | % post Entitlement Offer |
|---------------|--------------------------------|------------------|-------------|--|--------------------------|
| Shareholder 1 | 5,000 | 0.0048% | 1,667 | 5,000 | 0.0036% |
| Shareholder 2 | 10,000 | 0.0096% | 3,334 | 10,000 | 0.0072% |
| Shareholder 3 | 50,000 | 0.0479% | 16,667 | 50,000 | 0.0359% |
| Shareholder 4 | 100,000 | 0.0957% | 33,334 | 100,000 | 0.0718% |
| Shareholder 5 | 500,000 | 0.4787% | 166,667 | 500,000 | 0.3590% |
| Shareholder 6 | 1,000,000 | 0.9573% | 333,334 | 1,000,000 | 0.7180% |

Shareholders should further note that, at their discretion, the Directors can place any remaining shortfall. As such, in the above scenario, any Shareholder who does not participate in the Entitlement Offer will have their voting power diluted by up to 25%.

3.5 Restructure of Related Party Loan and Control Implications

As announced to the market on 28 April 2021, the Company has borrowed \$2 million from RIPL, of which is due and payable in two tranches (\$500k due and payable on 30 June 2023, and the balance falls due on 31 July 2023). \$1.5 million is capable of being converted to equity, subject to shareholder approval. The Loan Agreement provides if during the term of the loan the Company performs a capital raising event, then at the Company's option, the Company may offer RIPL the option to convert any or all of the current loan balance to shares at the same price as it is offered to the market. If RIPL does not take up the offer from Allegra in full, then any loan balance outstanding at the end of the loan term may be, at the Company's election, repaid or convertible to Shares in the Company at a conversion price equivalent to a 10% discount to the 90-day VWAP at the time of conversion.

As announced on 28 June 2023, the Company has negotiated an extension to the repayment date of the Loan such that it now falls payable on 31 December 2024. The provisions of the Loan Agreement relating to the conversion of the debt to Shares in the Company remain unchanged.

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4. Risk factors

4.1 Introduction

The activities of the Company, as in any business, are subject to risks, some of which are specific to the Company and the industry in which it operates in general, which may impact on its future performance. The Company has appropriate actions, systems and safeguards for known risks, however, some are outside the control of the Group. The principal risk factors are described below.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Offer Booklet before you decide whether to accept Offer Shares.

4.2 Nature of investment

Potential investors should be aware that subscribing for Offer Shares involves risks. The Offer Shares to be issued pursuant to this Entitlement Offer carry no guarantee with respect to payment of dividends, return on capital or market value of those Offer Shares. An Applicant may not be able to recoup his or her initial investment. More specifically, the risks are that:

- (a) the price at which the Applicant is able to sell the Offer Shares in future is less than the price paid due to changes in market circumstances;
- (b) the Applicant is unable to sell the Offer Shares; and
- (c) the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders would receive none, or only some of their initial investment.

4.3 Securities market

The Offer Shares may trade on the ASX at higher or lower prices than the Issue Price following listing. Investors who decide to sell their Offer Shares after quotation may not receive the entire amount of their original investment.

The Shares are currently listed on the ASX. However, there can be no guarantee that there is or will be an active market in the Shares or that the price of the Offer Shares will increase.

The price at which the Offer Shares trade on the ASX may be affected by the financial performance of the Company or by external factors over which the Directors and the Company have no control. These factors include movements on international share markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

4.4 Competition

Industries in which the Company, its subsidiaries and business partners operate are subject to technological change and competition. The Company, its subsidiaries and business partners face competition from other organisations, many of which may have significantly greater financial, technical and marketing resources than the Company. The Company, its subsidiaries and business partners have faced and are expected to continue to face, additional competition from existing competitors and from new entrants into its markets.

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Increased competition could result in margin reductions, lower customer numbers, under-utilisation of employees and/or contractors, reduced operating margins and loss of market share. Any of these occurrences could adversely affect the Company's business, operating results and financial condition.

4.5 Economic factors

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, foreign exchange rates, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse impact on the Company's business and financial performance including its ability to fund its activities.

4.6 Market Conditions

The market price of the New Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

Share market conditions may affect the value of the Company's shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

4.7 Foreign Investment Risk

The Company may operate in foreign jurisdictions. As a result, the Company may be subject to political, economic and other uncertainties including but not limited to foreign exchange restrictions, currency fluctuation, royalty and tax increases and other risks arising out of foreign government sovereignty over the areas in which the Company's operations may be conducted.

4.8 Reliance on Key Personnel

The Company's success will depend in part on the continued services of its key employees. The loss of services of one or more of the Company's key employees could have a material adverse effect on the Company's business, operating results and financial condition. This risk is addressed in part by the existence of employment contracts with executives and senior management. The Company does not have, nor does it intend to take out, key man insurance in respect of any of its key employees.

4.9 Potential acquisitions and divestments

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies, products or technologies and may make asset divestments. Any such transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, and any divestment activity could result in realising values less than fair value.

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4.10 Compliance with ASX Chapter 12

On 2 May 2023 the Company announced that it had entered into an agreement with RIPL to sell the Company's main undertaking, being all the business assets (both tangible and intangible) of the Company's Orthopedic Division. It is incumbent upon the Company pursuant to ASX Listing Rules 12.1, 12.2 and 12.3 to satisfy the ASX that the level of its operations post the transaction are sufficient to warrant the continued quotation of the Company's securities and its continued listing. If the Company is unable to satisfy the ASX of this, the ASX will likely place the trading of the Company's shares into suspension indefinitely and could thereafter require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Based on the timetable of this Offer, the Offer will likely complete before a determination is made by the ASX as to whether the Company has satisfied the ASX that the level of its operations post the transaction are sufficient to warrant the continued quotation of the Company's securities and its continued listing. That being the case there is risk that the Shares issued pursuant to this Offer could go into suspension.

4.11 Management actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with the management team) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities. This includes risks arising from the Company's reliance on a number of key employees. The Company has in place employment contracts with key employees and has the objective of providing attractive employment conditions to assist in retaining key employees. However, there is no guarantee that the Company can or will retain its key employees.

4.12 Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

4.13 Additional capital requirements

As a result of this Entitlement Offer, the Directors believe that the Company has sufficient cash reserves to meet its commitments in the near term. However, the Company may be seeking licensing, sale or other commercialization of the technology, with may require additional capital in the future.

4.14 Regulatory risk, government policy

The Company holds investments in Australia and conducts business, or seeks to conduct business in this and other countries and is therefore exposed to the laws governing businesses in those countries. Changes in government regulations including taxation, the repatriation of profits, restrictions on production, export controls, environmental compliance, shifts in the political stability of the country, labour unrest and other adverse political events could adversely affect the Company and its business initiatives in Australia, Africa, China and other countries.

4.15 Cyber security risks

Cyber-attacks are increasing worldwide in frequency and severity. No information technology environment is impenetrable. The Group maintains appropriate actions, systems and safeguards to protect against data breaches and aims to keep to a low risk the adverse consequences arising from a breach on the Group's business and operations.

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4.16 Dilution of existing Shareholders in the Company

Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company reduced. Dilution to existing Shareholders who do not take up their Entitlements in full may be material. At completion of the Entitlement Offer, the maximum number of Shares that could be issued is 34,819,735 (subject to rounding) and the maximum number of Shares on issue could be 139,278,938 (subject to rounding). For Shareholders who do not participate in the Entitlement Offer, and based on the current issued share capital of the Company, their percentage interest in the Company will be reduced by up to 25%.

4.17 Liquidity

The past performance of the Shares on the ASX cannot be treated as indicative of the likely future development of the market and future demand for Offer Shares. The lack of a liquid public market for the Shares on ASX may have a negative effect on the ability of Shareholders to sell their Offer Shares, or adversely affect the price at which the holders are able to sell their Offer Shares. There can be no assurance as to the liquidity of any trading in the Offer Shares, or that the Offer Shares will be actively traded on the ASX in the future.

4.18 Specific risks associated with investments in the medical & orthopedic industry

- (a) Regulatory factors with no guarantee of receiving approvals or delays in receiving approvals, including delay to FDA;
- (b) Research and development phase is extensive and may lead to a failed product;
- (c) A repeat of a pandemic which could make healthcare an issue of national security; and
- (d) Potential price reductions in the private health sector.

4.19 Investment speculative

The above list of risk factors is not an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Offer Shares offered under this Offer Booklet.

Therefore, the Offer Shares to be issued pursuant to this Offer Booklet carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Offer Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Offer Shares.

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5. Definitions and glossary

Terms and abbreviations used in this Offer Booklet have the following meaning:

| | |
|------------------------|--|
| Acceptance | means an acceptance of Entitlements |
| Acceptance Money | means the Issue Price multiplied by the number of Offer Shares accepted |
| Additional Shares | has the meaning given in Section 1.8 |
| AEST | means Australian Eastern Standard Time as observed in Sydney, New South Wales |
| Applicant | means a person who submits an Entitlement and Acceptance Form |
| ASIC | Australian Securities and Investments Commission |
| Associated Entity | has the meaning given to that term in section 50AAA of the Corporations Act |
| ASX | means ASX Limited ACN 066 281 132 |
| Board | means the board of directors of the Company |
| CHESS | means the clearing house electronic subregister system, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form |
| Closing Date | means the date by which valid Acceptances must be received by the Share Registry being 5.00 p.m. (AEST) Tuesday 22 August 2023 or such other date determined by the Board. |
| Company or Allegra | means Allegra Orthopaedics Limited ACN 066 281 132 |
| Constitution | means the Constitution of the Company |
| Corporations Act | means <i>Corporations Act 2001</i> (Cth) |
| Directors | means the directors of the Company |
| Divestment Transaction | means the proposed sale of the Orthopaedic Division to Robinwood Investments Pty Ltd, as outlined in the ASX announcement dated 3 May 2023 |
| Eligible Shareholder | means a Shareholder of the Company that holds Shares in the Company on the Record Date whose registered address is in Australia or New Zealand or who the Company has otherwise determined is eligible to participate in the Entitlement Offer |
| Entitlement | means the number of Offer Shares for which an Eligible Shareholder is entitled to subscribe for under the Entitlement Offer (not including the Shortfall Facility) |

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| | |
|---|--|
| Entitlement and Acceptance Form or Form | means an entitlement and acceptance form in the form attached to this Offer Booklet |
| Entitlement Offer | means the pro rata non-renounceable entitlement offer to Eligible Shareholders to subscribe for 1 Offer Share for every 3 Shares held on the Record Date. |
| FDA | means the U.S. Food and Drug Administration |
| Group | means the Company and its subsidiaries |
| Ineligible Shareholder | means a Shareholder of the Company that holds Shares in the Company on the Record Date but is not an Eligible Shareholder |
| Issue or Offer | means the offer and issue of Offer Shares in accordance with this Offer Booklet |
| Issue Price | is \$0.09 for each Offer Share |
| Listing Rules | means the official listing rules of the ASX |
| Offer Booklet | means this Offer Booklet dated 19 July 2023 as modified or varied by the Company |
| Offer Share | means Shares proposed to be issued under the Entitlement Offer |
| Opening Date | means the date of commencement of the Entitlement Offer, expected to be Wednesday, 2 August 2023 |
| Nicholas Hartnell | means: <ol style="list-style-type: none"> 1. Non-Executive Director of the Company; and 2. Substantial shareholder via shares held directly and indirectly through Robinwood Investments Pty Ltd |
| Record Date | means 7.00 p.m. (AEST) on Friday, 28 July 2023 |
| Related Party | has the meaning given to that term in the Corporations Act |
| RIPL | means the Robinwood Investments Pty Ltd, substantial shareholder and entity associated to Allegra's Non-Executive Director, Nicholas Hartnell |
| Section | means a section of this Offer Booklet |
| Securities | has the same meaning as in section 92 of the Corporations Act |
| Shareholders | means the holders of Shares from time to time |
| Share Registry | means Automic Pty Ltd |
| Shares | means the ordinary shares on issue in the Company from time to time |

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| | |
|--------------------|--|
| Shortfall | means those Offer Shares which are not subject to a valid Entitlement and Acceptance Form |
| Shortfall Facility | means the mechanism by which the Company may allocate Additional Shares to Applicants, as described in Section 1.8 |
| Spinal Cage | means the Sr-HT-Gahnite Spinal Cage Device |
| Substantial Holder | means a person who has a substantial holding (as that term is defined in the Corporations Act) |
| US Securities Act | means the US Securities Act of 1933, as amended |
| VWAP | means volume weighted average price |

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Corporate directory

| Directors | Solicitors to the Entitlement Offer |
|--|---|
| Peter Kazacos Sean Mulhearn Nicholas Hartnell | Law Corporation, Level 3, 273-279 Sussex Street, Sydney, NSW 2000 Australia |
| Registered Office | Share Registry |
| Allegra Orthopaedics Limited Level 8, 18-20 Orion Road, Lane Cove West, NSW 2066 Australia | Automic Pty Ltd Level 5, 126 Phillip Street Sydney, NSW 2000 Australia |

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