



Ortho Regenerative Technologies Inc.

Financial Report

Third Quarter, Fiscal Year 2020

October 31, 2019

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Management's Responsibility for Financial Reporting

This Management's Discussion and Analysis ("MD&A") for Ortho Regenerative Technologies Inc. (the "Corporation" or "Ortho RTI") provides an overview of the Corporation's operations, performance and financial results for the three and nine-month periods ended on October 31, 2019 and compares those of the same periods in 2018. This MD&A is the responsibility of management and has been reviewed and approved by its Board of Directors. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is comprised of financially literate directors. This report was reviewed by the Corporation's Audit Committee on December 18, 2019, approved by Ortho RTI's Board of Directors on December 18, 2019 and should be read in conjunction with the financial statements for the year ended January 31, 2019. Unless otherwise noted, all amounts are presented in thousands of Canadian dollars, except for share and per share amounts.

The ability of the Corporation to fulfill its obligations and finance its future activities depends on its ability to raise additional capital and the continuous support of its creditors. The Corporation believes its efforts to raise sufficient funds to support its activities will be successful, however, there is no assurance that funds will continue to be raised on acceptable terms. This indicates the existence of a material uncertainty that may cast a significant doubt about the Corporation's ability to continue as a going concern without obtaining additional financial resources. Failure to obtain such additional financing could result in delay or indefinite postponement of the Corporation's strategic initiatives. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern. Such adjustments could be material.

Forward-looking statements

The information contained in this MD&A may contain some forward-looking statements. Forward-looking information is not limited to information with respect to our future financial and operating performance, future development activities and adequacy of financial resources. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience. Our forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this management analysis. Although we have attempted to identify important factors that could cause actual results to differ from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information.

GLOSSARY OF ABBREVIATIONS

Calendar & Financial		Corporate & Operations	
FY-19	Fiscal Year ended on January 31, 2019	cGMP	current Good Manufacturing Practice
FY-20	Current Fiscal Year ending January 31, 2020	CMO	Contract Manufacturing Organization
G&A	General and Administrative	CSE	Canadian Securities Exchange
ITC	Investment tax credits	FDA	US Food and Drug Administration
Q3-20	Third quarter 2020	IND	Investigational New Drug application with the FDA
Q2-20	Second quarter 2020	MRI	Magnetic Resonance Imaging
Q1-20	First quarter 2020	Ortho RTI	Ortho Regenerative Technologies Inc.
Q4-19	Fourth quarter 2019	Ortho-C	Proprietary biopolymer for Articular Cartilage repair
Q3-19	Third quarter 2019	Ortho-M	Proprietary biopolymer for Proprietary Biopolymer for Meniscus repair
Q2-19	Second quarter 2019	Ortho-R	Proprietary biopolymer for Rotator cuff repair
Q1-19	First quarter 2019	Ortho-V	Proprietary biopolymer for Osteoarthritis healing
Q4-18	Fourth quarter 2018	Polytechnique	Ecole Polytechnique de Montreal
R&D	Research and Development	PRP	Platelet-rich plasma
YTD	Year to date		

Overview of the Business

Ortho RTI has been incorporated under the Canada Business Corporations Act. The Corporation's head office, principal address and registered office is located at 16667 Hymus Blvd., Kirkland, Quebec, Canada. The Corporation's shares are publicly traded on the CSE under the symbol "ORTH." The Corporation has 24,752,424 common shares that are issued and fully paid as at October 31, 2019 of which 3,452,685 shares are held in escrow.

Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Overview of the Business – cont'd

The Corporation is an emerging Orthopaedic and Sports Medicine biologics company dedicated to the development of novel therapeutic soft tissue repair technologies to dramatically improve the success rate of orthopaedic and sports medicine surgeries. The Corporation's proprietary biopolymer has been specifically designed to increase the healing rates of occupational and sports related injuries to tendons, ligaments, meniscus, and cartilage. The biopolymer – autologous PRP combination implant, can be directly placed into the site of injuries by surgeons during routine operative procedures without significantly extending the duration of surgeries and without further interventions. The Corporation's technology was developed at Polytechnique, and senior researchers at Polytechnique are still actively involved in the day-to-day development of Ortho RTI's pipeline.

Development Pipeline

Ortho RTI's pipeline includes four active R&D projects, composed of two active development-stage programs:

- **Ortho-R** - Assessing the clinical efficacy of our biopolymer-PRP bioactive implant for Rotator Cuff repair
- **Ortho-M** - Testing the efficacy of our biopolymer-PRP bioactive implant for meniscus repair
- **Ortho-C** - Feasibility research on a freeze-dried matrix with ultra-high porosity designed to augment bone marrow stimulation procedures for articular cartilage repair, including microfracture and drilling
- **Ortho-V** - Feasibility research on a freeze-dried biopolymer formulation combined with autologous biologics, tailored for intra-articular injections to provide visco-supplementation of articular joints and potentially gain disease modification outcomes in applications such as Osteoarthritis.

Considering the significant bioactivity and residency of our proprietary biopolymer – PRP implants, Ortho RTI continues to assess its potential for therapeutic uses outside of the soft tissue repair market.

Ortho-R for Rotator Cuff repair

Ortho-R is a freeze-dried formulation that contains a biopolymer, a lyoprotectant and a clot activator. This freeze-dried formulation can be solubilized in platelet-rich plasma ("PRP") to form injectable bioactive implants that coagulate after implantation. Extensive in vitro testing has allowed the Corporation to identify specific formulations that meet the criteria for optimal commercial products:

- (i) rapid and complete solubilization in PRP;
- (ii) biopolymer-PRP mixtures having paste-like handling properties desired by surgeons;
- (iii) biopolymer-PRP mixtures that coagulate rapidly to form solid biopolymer-PRP hybrid implants;
- (iv) biopolymer-PRP implants that are mechanically stable and resist platelet-mediated clot retraction; and
- (v) dispersion of the biopolymer in the implants that is homogenous for optimal biodegradability.

The use of Ortho-R in conjunction with standard of care suturing techniques produced promising histological findings in small and large animal models, which is expected to translate into superior rotator cuff repair for humans. No adverse events were found in any of the above-mentioned animal studies, which suggests a high level of safety.

Progress made during the recent quarters have set the stage for achievements of major corporate/regulatory/strategic milestones over the current and upcoming calendar years.

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Overview of the Business – cont'd

The following tables presents a summary of the projected milestones based on calendar quarters for the 2019-2021 period:

Past and Projected Milestones Year 2019-2021	Calendar	Calendar Quarters/Years								
		Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	2021
Corporate / Strategic										
MTA collaboration	Initiation			→						
	Results				■					
Ortho-R Clinical Trial - Rotator Cuff repair										
CMC Manufacturing - Clinical Batch				→		■				
6-month pivotal animal trial	in-life portion	→		☑						
	results				■					
Pre-IND Meeting - FDA		☑								
US IND	Preparation			→	■					
	Filing					■				
	approval					■				
Phase I/II clinical trial	CRO Selection			☑						
	trial START					→				
	enrolment initiated						■			
	enrolment completed								■	
	interim results									■
	Completion									■

→ Initiation
 ☑ Completed
 ■ Target completion

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

YTD and Q3-20 Highlights:

During the third quarter, the Corporation continued to fund the development of our lead product Ortho-R, a biopolymer-PRP based bioactive implant, specifically designed to guide and accelerate the repair of various musculoskeletal conditions, such as Rotator Cuff, meniscus and ligament tears. Having completed the in-life portion of our pivotal animal study at the end of Q2-20, the preclinical study samples preparation and process were completed during the quarter. The pivotal study analysis is currently being processed with results and final report expected in January 2020. During the quarter, the Corporation has continued working on the completion of manufacturing and other FDA regulatory requirements and is advancing as planned towards Phase I/II IND submission in Q1-2020 (calendar year).

Phase I/II Rotator cuff Clinical Trial Progress

- January 2019: Start of a 6-month pivotal preclinical study on rotator cuff tear repair. This 6-month pivotal preclinical study was initiated to provide the data needed and address remaining FDA requirements in order to finalize the Phase I/II clinical protocol.
- February 2019: Successful pre-IND meeting with the FDA. The pre-IND meeting helped formalize the requirements for the planned filing of our US-IND application to initiate a Phase I/II clinical trial for assessing the clinical safety and efficacy of our Biopolymer-PRP bioactive implant (Ortho-R) in Rotator Cuff Tear repair. Since then we have focused our efforts on addressing the regulatory requirements and preparing and assembling the IND application.
- August 2019: Completion of the in-life portion of the 6-month ongoing preclinical study. The MRI data collection has been successfully completed.
- In September 2019 – Ortho RTI announced the selection of MCRA, LLC as its US based orthopedic specialty CRO, to conduct its upcoming Phase I/II rotator cuff Ortho-R human trial. The Ortho-R Phase I/II clinical trial plans to enroll 75 patients, randomized across 3 arms of 25 patients across multiple sites in the US. MCRA is a leading advisory firm and CRO focused on the neuro-musculoskeletal industry. MCRA has key relationships with hundreds of US surgical sites and has provided assistance to more than 600 companies including the top 10 largest US Orthopaedic companies. MCRA will be integrating regulatory and reimbursement expertise in conjunction with its CRO services for the Ortho-R Phase I/II clinical program.

Management’s Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

YTD and Q3-20 Highlights – cont’d

- In October 2019, we started the histopathology evaluation of the samples collected from the pivotal trial. We also successfully completed the manufacturing’s methods and process validations. Continued ongoing scale-up and stability activities for the manufacturing of cGMP grade clinical testing material. MCRA’s regulatory and clinical trial preparation work has been initiated and we are on track to file our US-IND with the FDA during the first quarter of the calendar 2020.

Other corporate and financial highlights for Q3-20 included:

- In August 2019, Ortho RTI announced the signing of a collaborative Material Transfer Agreement (“MTA”) with a leading global Orthopaedic Company (the “Partner”). Under the terms of the MTA, a formulation of the Partner’s commercial product will be evaluated for its properties when used in conjunction with Ortho’s Ortho-R product. The work to be performed under the MTA is scheduled to be completed before 2019 year-end. Ortho RTI’s proprietary biopolymer matrix acts as a biodegradable scaffold with great residency properties that can be used to retain any type of bioactive material, prolong their therapeutic effect and ultimately may significantly improve benefits to patients. The agreement fits the Corporation’s strategy of working with other companies to assess whether Ortho RTI’s proprietary biopolymer platform could be used in conjunction with other companies’ products for uses outside of our core focus. It also serves as a third-party validation of the Corporation’s platform and dramatically increases commercial market opportunities. Following completion of the MTA work, the parties will determine if and how to continue the development of the combined product under a more formal arrangement.

- In August 2019, the Corporation signed a new short-term loan agreement to finance its FY-20 ITC’s in an amount of \$342. The loan is secured by a first-rank moveable hypothec on all assets, and bears interest at a fixed rate of 1.5% per month.

- October 9, 2019 the Corporation closed a non-brokered \$1.6 million private placement of convertible debenture units (the “Private Placement”) consisting of \$750,000 of subscriptions and \$894,000 from conversion of loans from Manitex Capital Inc. The Company issued 1,644 unsecured convertible debenture units (the “Units”) at a purchase price of \$1,000 per Unit for gross proceeds of \$1,644,000. Each Unit consist of one 10% unsecured convertible debenture for a principal amount of \$1,000 (each, a “Debenture”) convertible at a \$0.30 price per Class “A” share of the Company (“Common Share”) and 2,000 Common Share purchase warrants (each, a “Warrant”), with an exercise price of \$0.50 (“Exercise Price”), representing a 60% warrant coverage. The Warrants will automatically convert into Common Shares of the Company at the Exercise Price in the event that the volume weighted average price (“VWAP”) over any 20 consecutive trading days is greater or equal to \$1.00. Both the Debentures and the Warrants have a maturity date of October 8, 2021.

Concurrent to the Private Placement, the Corporation amended the terms of a note payable of \$150 (the “Note”), and a convertible loan of \$720 (the Convertible Loan”), both owed to Manitex Capital. Such amendment allowed both the Note and Convertible Loan to be converted in any kind of securities. Following such amendment, both the Note Payable and the Convertible loan plus accrued interest totalling \$894 were converted into the Private Placement.

- During the quarter the Corporation extended 460,000 warrants maturing as at August 2, 2019 and 480,000 warrants maturing as at October 1, 2019, for an additional year. The exercise price of the warrants remained at \$0.70.

Selected Fiscal Year Financial Data

The following table sets forth financial information for the Corporation for the periods indicated and should be read in conjunction with the audited financial statements for the year ended January 31, 2019.

	Q3-20	Q3-19	Change	YTD-20	YTD-19	Change
	\$	\$	%	\$	\$	%
Expenses						
R&D	347	403	-14%	923	664	+39%
G&A	291	346	-16%	910	939	-3%
Financial	49	29	+69%	179	111	+61%
Total Operating Expenses	687	778	-12%	2,012	1,714	+17%
Net loss and comprehensive loss	687	778	-12%	2,012	1,714	+17%

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Revenue

There was no revenue generated for Q3-2020 and other reported periods.

Expenses

Total operating expenses were \$2,012 for YTD-20 as compared to \$1,714 for YTD-19 representing a 17% increase. Total expenses increased due to R&D expenses increasing 39% in YTD-20 as compared to the previous year. R&D activities picked up during the year as the Corporation made significant progress towards the initiation of a rotator-cuff clinical trial. During the quarter, Ortho RTI continued to prioritize R&D activities while making efforts to control G&A expenses. G&A expenses decreased by 16% in Q3-20 as compared to Q3-19 but were stable for the YTD-20 period as compared to the prior year.

Research and Development costs

For the respective periods, R&D costs consisted of:

	Q3-20	Q3-19	Change	YTD-20	YTD-19	Change
	\$	\$	%	\$	\$	%
Research costs	-	-	-	-	28	-100%
Development costs	374	423	-12%	911	591	+54%
Patent costs	22	35	-37%	92	84	+10%
Amortization – intangible asset	8	8	-	24	24	-
Depreciation – equipment	17	26	-35%	50	26	+92%
Total	421	492	-14%	1,077	753	+43%
Investment tax credit	(74)	(89)	-17%	(154)	(89)	+73%
Total	347	403	-14%	923	664	+39%

Research costs include amounts paid under a contract with Polytechnique for work conducted on Ortho-C and Ortho-V. There were no research costs in FY-20 as the Corporation focused on advancing its Ortho-R rotator cuff program. Research costs were \$28 for the comparable YTD-19 as the Ortho-C contract was completed in May 2018.

Development costs included costs related to work performed under a Collaborative Research and Development contract with Polytechnique for Ortho R and Ortho M as well as internal and external expenses related to development of our product pipeline. This includes regulatory work, manufacturing activities, pre-clinical and clinical work. For most contracts, expenses are accounted for when contractual obligations are met. The 54% increase in R&D spending FY-20 is due to the increased spending related to Ortho-R which is advancing toward the filing of the IND to start the rotator-cuff clinical trial. To date in 2020 the spending included the bulk of the costs related to a 6-month animal study, the initiation of scale-up and manufacturing activities of cGMP grade Ortho-R material, as well as regulatory work. Notwithstanding the increased activity in FY-20, the developments costs for Q3-20 decreased by 12% as compared to Q3-19 when the pilot study for Ortho-R was performed.

Patent prosecution costs increased by \$8 in YTD-20 as compared to YTD-19 as our patent portfolio continued to progress in the various jurisdictions included the commencement of national phases in Europe. Depreciation costs were \$17 for Q3-20 as scientific equipment previously purchased by the Corporation is now in use.

The timing of third-party R&D expenses per project since inception is presented below. Amounts exclude internal R&D salaries:

	Ortho R	Ortho M	Ortho C	Total
	\$	\$	\$	\$
Expenditures incurred in prior years	1,942	837	524	3,303
Additional expenditures in 2020	863	-	-	863
Total accumulated expenditures	2,805	837	524	4,166
<i>% of accumulated expenditures by projects</i>	<i>67.3%</i>	<i>20.1%</i>	<i>12.6%</i>	<i>100.0%</i>

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Research and Development costs - cont'd

The table above demonstrates Ortho RTI's emphasis on moving Ortho-R forward as the first indication for the Corporation's biopolymer platform. 67.3% of all R&D expenditures to date have been spent on Ortho-R, including 100% of all R&D spent so far in FY-20.

General and administrative expenses

G&A expenses include administrative salaries, business travel expenses, and other office costs as well as consulting fees paid to non-R&D staff, professional fees paid for accounting and tax services, and investors relation activities. G&A expenses also include other non-R&D expenses such as share-based compensation which represents the costs for issuing options to staff, board members and consultants. Finally, G&A expenses include office and other lease costs, now presented as depreciation for the right to use asset starting in FY-20. (see IFRS 16 – Leases).

For the respective periods, G&A expenses consisted of:

	Q3-20	Q3-19	Change	YTD-20	YTD-19	Change
	\$	\$	%	\$	\$	%
Administrative salaries and office costs	45	97	-54%	240	255	-6%
Professional and consulting fees	205	199	+3%	568	586	-3%
Share-based compensation	37	50	-26%	90	98	-8%
Depreciation – right of use asset	4	-	+100%	12	-	+100%
Total G&A expenses	291	346	-16%	910	939	-3%

Overall G&A expenses in Q3-20 decreased by 16% compared to Q3-19 and decreased slightly by 3% for the YTD-20 period as compared to the prior year. Administrative salaries and office costs decreased significantly between Q3-19 and Q3-20 following the changes made to the CFO position in Q3-19 representing a 54% reduction. Professional and consulting fees remained flat with a nominal 3% increase for the quarter, and 3% decrease for the YTD periods despite increased investors relation activities performed in FY-20.

During the YTD-20, the Corporation continued to benefit from significant savings on staff costs following the change of CFO which took place in Q3-19, the termination of a senior scientific staff and changes to the CEO position which took place in Q2-20. Our new CEO is now assuming the scientific leadership for all ongoing projects in addition to its other CEO responsibilities. For the YTD-20 period, the savings on staff/consulting fees were offset by a non-recurrent \$120 severance granted to the previous CEO on his departure. The staff changes made as well as internalization of certain activities will provide material savings going forward without affecting the quality and ability to achieve the projected corporate and R&D milestones. Prior to taking the CFO, CEO severance in consideration, the senior staff changes have led to \$240 annual savings representing 45% reduction in internal staff costs. The Corporation's Share-based compensation was 26% lower for Q3-20 when comparing to Q3-19 when new options were granted to the new CFO. Depreciation for the right to use asset (previously office lease) compares to nil cost last year as the new IFRS 16 standard for Lease was implement in FY-20.

Financial charges

Aside from regular interest and bank charges, financial charges include interest on ITC loans, interest on the convertible note and loan from Manitex, as well as the interest on the new convertible debt closed on October 8, 2019.

	Q3-20	Q3-19	Change	YTD-20	YTD-19	Change
	\$	\$	%	\$	\$	%
Interest, bank charges and FX	2	0	100%	-1	-2	-50%
Interest Manitex note	3	4	-25%	11	17	-35%
Lease costs - new standard	2	-	100%	7	-	100%
Interest and fees on ITC loans	30	-	100%	82	23	257%
Interest on convertible debt	75	25	200%	143	73	96%
Gain on debt settlement – Manitex loan	(63)	-	-100%	(63)	-	-100%
Total	49	29	69%	179	111	61%

Management’s Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Financial charges - cont’d

Financial charges increased in Q3-20 as compared to the year ago period as a result of the new convertible debt financing closed October 8, 2019 as well as new ITC loans secured in 2019 and 2020. The table also shows the impact of the new IFRS 16 - Lease standard. During the quarter we also realized a \$63 gain on conversion of the convertible loan from Manitex into the convertible unit transaction close on October 8, 2019.

Balance Sheet Highlights

The following table sets forth the financial information related to the Corporation’s statements of financial position for the periods indicated and should be read in conjunction with the audited financial statements for FY-19.

	Q3-20	FY-2019	Change	Change
	\$	\$	\$	%
(Bank overdraft) / Cash	(2)	524	(526)	-100%
Current assets	288	998	(710)	-71%
ITC (current & non-current)	347	378	(31)	-8%
Intangible Assets	404	429	(25)	-6%
Non-current assets	722	607	115	+19%
Total assets	1,010	1,605	(595)	-37%
Liabilities – current	1,807	1,339	468	+35%
Liabilities - non-current	1,609	854	755	+88%
Total liabilities	3,416	2,193	1,223	+56%
Common shares	5,430	5,430	-	-
Warrants	693	665	28	+4%
Contributed surplus	888	717	171	+24%
Deficit	9,417	7,400	2,017	+27%

Cash

The cash situation at the end of the period was a \$2 overdraft as compared to \$524 at the start of the year. During the quarter the financial resources of the company have been used to fund R&D activities. Despite limited resources, Ortho RTI has been able to meet all R&D timelines expected for the quarter. The Corporation kept progressing towards the filing of the US IND for its rotator cuff program has planned in early 2020 calendar year by maintaining the support of its key suppliers who keep providing flexible payments terms. Additional funding has been secured after the end of the quarter (See “Subsequent Events - note b”).

Investment Tax Credits

Total current and non-current ITC’s have decreased by 8% as the Corporation collected \$186 from prior period claims while making addition of \$155 representing new claims made or to be made for the 2019 and 2020 fiscal years.

Intangible Asset

Ortho RTI is the owner of 4 patent applications filed since 2009. It also owns improvements to the technology discovered through work it funded at Polytechnique Montreal. The current patent portfolio includes the following:

- (i) Patent Family No.1: Clot-activated polymer composition for repairing the tissue of the subject, where the polymer composition adheres to the tissue and promotes cell proliferation, comprising platelet-rich plasma (PRP), a biopolymer, a salt and a clot activator;
- (ii) Patent Family No.2: Novel formulation of physiological biopolymer-inorganic salt solution/blood mixtures for tissue repair; This patent was abandoned on November 9, 2019. The company’s Freeze-Dried platform patents (family 3-4, covers all applications in No. 2 and plus multiple benefits, including a faster coagulation onset time, ease of use for the clinicians and a much longer commercially viable shelf life.

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

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Balance Sheet Highlights - Intangible Asset – cont'd

- (iii) Patent Family No.3: Freeze-dried polymer compositions for mixing with platelet rich plasma to form implants for tissue repair or compositions for therapeutic intra-articular injection;
- (iv) Patent Family No.4: Freeze-dried biopolymer scaffolds that form a hydrated microparticle dispersion after contact with blood or blood-derived fluids and stimulate anabolic wound repair processes, including angiogenesis, cell chemotaxis, tissue remodeling, and extracellular matrix.

The \$25 reduction represents amortization for YTD-20.

Liabilities

Total liabilities as at October 31, 2019 have increased by 56% as compared to January 31, 2019 representing a \$1,223 increase. Short-term liabilities have increased by \$468 mainly as a result of new ITC loans of \$197 and an increase in trade payables of \$252. Trade payables are mainly composed of R&D suppliers involved in the Ortho-R project and are being settled without compromising the progress of the Corporation's R&D activities.

The balance of the increase in total liabilities comes mainly from the addition of convertible debenture units issued during the period at favorable terms for the Corporation. (See "Q3-20 highlights")

Summary of Quarterly Results

The following table sets out the Corporation's selected unaudited quarterly financial information for the eight quarters ended October 31, 2019. This information is derived from unaudited quarterly financial statements prepared by management in accordance with IFRS. The following quarterly information is presented on the same basis as the audited financial statements and should be read in conjunction with those statements and their accompanying notes.

	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18
	\$	\$	\$	\$	\$	\$	\$	\$
R&D costs	347	245	331	418	403	112	148	279
G&A expenses	254	360	205	248	296	309	236	248
Share-based compensation	37	44	10	36	50	26	23	49
Financial expenses (income)	49	63	67	(17)	29	38	44	65
Net loss for the quarter	687	712	613	685	778	485	451	641
Loss per share (Basic and diluted):	0.03	0.03	0.02	0.04	0.03	0.02	0.02	0.04

We highlight four main categories of expenses: R&D costs, G&A, Share-based compensation, and financial expenses. R&D costs represents the gross R&D costs less ITC provisions related to these costs and to be claimed after year-end. G&A expenses include mainly salaries for non-scientific management and support staff, recurrent professional and consulting fees, expenses for audit and tax related matters, in-house counsel, and fees paid to investor relations firms. Share-based compensation are costs for the issuance of options to senior management, staff, board of directors, scientific advisory board and consultants working for the Corporation. Financial expenses are costs associated with the ITC loans, and convertible debenture units.

R&D costs net of ITC provisions have fluctuated from quarter to quarter depending on the timing of work performed by our partners and suppliers.

G&A expenses have fluctuated from quarter to quarters. During the reported periods, Ortho RTI made significant changes to its senior management team, which resulted in the termination of the then acting CFO and the nomination of a new Senior Vice president and CFO in Q3-19, as well as termination and replacement of the CEO in Q2-20. The net effects of these changes included severance payments to the prior CFO, and CEO but more importantly resulted in a substantial reduction of salaries/fees paid for the CFO role starting in Q4-19 and same for the CEO position starting Q3-20. In addition to the reduction of the G&A expenses, the replacement of the CEO has led to material decrease in R&D salaries as the new CEO has been able to assume duties previously handled by a senior R&D staff terminated during Q2-20. The full benefit of the changes to the Corporation's personnel represent more than 50% savings for salaries and consulting fees for the position mentioned above, and will positively impact the Corporation's financial results over the quarters ahead as Ortho RTI is now allocating a greater % of its financial resources towards R&D activities. Fees for maintenance and filing of patents have been consistent over the

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Summary of Quarterly Results – cont'd

comparable periods. Other expenses, such as rent, insurance, and office expenses, have been relatively stable and had no significant impact on the overall amount.

Share-based compensation have fluctuated as a results of staff changes, as well as due to the timing of expense recognition associated with the vesting of the options issued.

Financial expenses have fluctuated over the reported periods, based on addition and repayment of ITC loans, reduction/conversion of the Manitex note and loan. The net income of \$17 for Q4-19 came as a result of the settlement/conversion of a Manitex Loan.

Cash Flows, Liquidity and Capital Resources

<i>Sources and Uses of Cash</i>	YTD-20 \$	YTD-19 \$
Provided by (used in):		
Operating activities	(1,350)	(1,211)
Investing activities	-	(55)
Financing activities	824	1,175
Decrease in cash	(526)	(91)
Cash, beginning of period	524	450
Cash (Overdraft), end of period	(2)	359

At the end of Q3-20, the Corporation had cash resources of \$(2) compared to \$524 at the end of FY-19. During Q3-20, the Corporation and used \$1,350 to fund operating activities including \$18 on lease payment. Despite the limited liquidities, Ortho RTI continued to make significant progress towards the filing of its Ortho-R IND for rotator cuff repair. The Corporation is still on track to meet this important corporate milestone and has been able to secure arrangements with suppliers and/or the capital needed to meet its financial obligations. See "Subsequent events – note b".

At the end of the quarter, while Ortho RTI has a great track record of being able to raise capital to advance its R&D programs, there are still uncertainties as the ability of the Corporation to secure adequate capital to keep funding its operations and continuing the development plan of its various products. Ortho RTI has raised addition capital after the end of the quarter ("See subsequent events") and continues to seek financing from institutional life science investors based in Canada as well as the United States.

Future financing

As at October 31, 2019, Ortho RTI had 3,158,000 warrants outstanding exercisable at \$0.70 and 3,287,800 exercisable at \$0.50. These warrants are currently out-of-the-money meaning that the exercise price of the warrant exceeds the stock price for the underlying common shares of Ortho RTI. All of the warrants contain a trigger provision that provides the Corporation with the discretion to accelerate the expiry date to a period of 30 days: if the Corporation's weighted average share price for 30 consecutive trading days equals or exceeds \$1.00 per share, the Corporation may give notice to the warrant holders that they must exercise their warrants within a period of 30 days from the date of receipt of such notice. Any warrants not exercised during this reduced exercise period will expire.

The extent to which these warrants are exercised will be a function of the market price of the Corporation's underlying common shares and investors' view of the opportunity for shareholder value creation over the investment time for each individual investor. If the acceleration clause is exercised, the maximum inflow of cash to the Corporation would be approximately \$3,855. Considering the exercise price of the warrants outstanding, the Corporation has extended all warrants maturing in 2019 as well as warrants expiring up to April 2020 for an additional year. See "Subsequent events" note a.

Since the extent and timing of warrant exercise as a source of financing are uncertain, management continues to look for alternative sources of financing to support operations going forward. The current focus in this regard is on securing private placements with accredited and institutional investors.

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Future financing – cont'd

The Corporation's use of available funds over the coming year is of utmost concern to the Board. In order to secure the required capital necessary to fund its operations and development projects, the Corporation is actively attempting to raise funds through the issuance of equity or by securing strategic partners. Management continues to seek new investors from financial institutions and accredited investors.

Discussion of operating cash requirements

All four products in the Corporation's current portfolio will require a significant investment to increase their market value (through, for example, clinical trials) to attract a strategic partner. We currently estimate that an investment of at least \$35 million will be required over time to complete the R&D process, including regulatory approvals and manufacturing validations for all four products. There are several areas where duplication between product lines can be avoided, for example in the manufacture of the chitosan material, which is common across our product platform. We therefore do not need to replicate manufacturing capability, or the associated costs, for each of the four products.

Ortho-R is in a pure development phase and represents our lead product for commercialization. We anticipate filing our IND application with the FDA in first quarter of calendar 2020. Management estimates the costs of the upcoming Phase I/II trial to be \$5 million over 2 years.

Ortho-M is the Corporation's second candidate and is also in a development phase. Proof of efficacy in a large animal preclinical model is expected to take place in the coming fiscal year. Ortho-M's development pathway and plan will be similar to Ortho-R and will benefit from

all cGMP activities performed on scaling-up Ortho-R. Consequently, management estimates that \$1.5 million will be required prior to submitting an IND application for testing Ortho-M in human for meniscus tear repair.

Ortho-C and Ortho-V are currently at earlier stage of development and management does not intend to commit material sums to the advancement of these projects until it successfully advances Ortho-R and Ortho-M in human clinical testing.

In order to successfully advance its current R&D programs, Ortho RTI has entered on September 1, 2018 into \$887 Collaborative R&D Agreement with Polytechnique to ensure access to Polytechnique's staff and expertise for the next three years.

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Transactions with Related Parties

The following table details the related party transactions presented in the statements of loss for the periods ended on October 31.

The following table presents the related party transactions presented in the statement of loss for the three months ended:

	Q3-20	Q3-19
	\$	\$
<i>Transactions with key management and members of the Board of Directors:</i>		
Salaries and employee benefits expense	-	63
Share-based compensation to employees and directors	37	50
Consulting fees paid to a director, CEO and CFO	70	60
<i>Transactions with Manitex, a shareholder of the Corporation:</i>		
Interest charged by Manitex	65	50
<i>Transaction with École Polytechnique, a partner of Polyvalor :</i>		
Research and development costs	74	75

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Transactions with Related Parties – cont'd

The following table presents the related party transactions presented in the statement of financial position as at:

	October 31, 19	October 31, 18
	\$	\$
Accounts payable and accrued liabilities due to a director, CEO and CFO (Note 1)	182	-
Accounts payable due to École Polytechnique, a partner of Polyvalor	74	-
Transaction with Polyvalor, holder of 1,073,333 common shares:		
Amounts included in intangible asset	116	136

Note 1: this amount includes \$120 due to the prior acting CEO.

All other related parties' transactions are disclosed in the respective notes in these financial statements.

Use of Accounting Estimates and Judgements

The application of the Corporation's accounting policies requires management to use estimates and judgments that can have a significant effect on the revenues, expenses, comprehensive loss, assets and liabilities recognized and disclosures made in the financial statements.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically, and the effects of any changes are recognized immediately. Actual results could differ from the estimates used.

Management's budget and strategic plans are fundamental information used as a basis for the estimates necessary to prepare financial information. Management tracks performance as compared to the budget, and significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

Please refer to Note 3 of the annual audited financial statements for an extended description of the information concerning the Corporation's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

Recently adopted accounting policies

IFRS 9, Financial Instruments

The Corporation has adopted IFRS 9, Financial Instruments ("IFRS 9") effective February 1, 2018 on a modified retrospective basis, in accordance with the transitional provisions of IFRS 9. As such, comparative figures have not been restated. IFRS 9 provides a revised model for recognition, measurement and impairment of financial instruments and includes a new model for hedge accounting aligning the accounting treatment with risk management activities. As detailed below, the Corporation has changed its accounting policy for financial instruments retrospectively, except where described below.

IFRS 9 includes a revised model for classifying financial assets, which results in classification according to a financial instrument's contractual cash flow characteristics and the business models under which they are held. At initial recognition, financial assets are measured at fair value. The following table presents the classification impacts on the financial assets and liabilities upon the adoption of IFRS 9. There was no significant impact with regards to the measurement of the financial assets and liabilities.

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Recently adopted accounting policies – cont'd

Asset / Liabilities	Classification under IAS 39	Classification under IFRS 9
Cash	Fair value through profit or loss	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Short-term debt	Other liabilities	Amortized cost
Loan	Other liabilities	Amortized cost
Note payable	Other liabilities	Amortized cost
Convertible loan	Other liabilities	Amortized cost
Derivative liability	Other liabilities	FVTPL

Financial instruments are recognized initially at fair value, and in the case of financial liabilities, not subsequently measured at fair value, net of directly attributable transaction costs. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expired. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. Accounts payable and accrued liabilities, short-term debt, loans, note payable and convertible loans are classified as financial liabilities to be subsequently measured at amortized cost. The adoption of IFRS 9 did not result in a change in the carrying values of any of the Corporation's financial liabilities on the transition date.

IFRS 16, Leases

In January 2016, the IASB released IFRS 16 "Leases" replacing IAS 17 "Leases" and related interpretations. The new standard eliminates the classification of leases as either operating or finance leases for lessees and requires the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019. The Corporation has adopted IFRS 16, effective February 1, 2019, using the modified retrospective approach and has not restated prior periods for the impact of IFRS 16. Comparative information is still reported under IAS 17 and IFRIC 4.

On initial adoption, the Corporation applied the following practical expedients permitted under the standard: (i) short-term leases and leases of low value assets (less than \$5,000) that have been identified at February 1, 2019 are not recognized on the condensed interim balance sheet; (ii) leases with terms ending within 12 months of February 1, 2019 are treated as short-term leases and have not been recognized on the condensed interim balance sheet; (iii) contracts that were not previously identified as containing a lease under the previous standard have not been reassessed under IFRS 16; (iv) initial direct costs were excluded from the measurement of right-of-use assets for the purpose of initial measurement on transition; (v) a single discount rate was used for remaining lease payments on leases with similar characteristics; (vi) the Corporation elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition; (vii) instead of performing an impairment review on the right-of-use assets at the date of initial application, the Corporation has relied on historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 20%.

The Corporation quantified the impact of IFRS 16 adoption on the 2020 opening consolidated balance sheet. On transition to IFRS 16, the Corporation recognized right-of-use assets and lease liabilities. This non-cash adjustment has been excluded from the Statement of Cash Flows. The impact on opening deficit was an increase of \$5.

The impact on transition is summarized below:

	February 1, 2019
Recognition of right of use assets	48
Recognition of lease liabilities	53

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

IFRS 16, Leases – cont'd

The following is a reconciliation of total operating lease commitments at January 31, 2019 to the lease liabilities recognized at February 1, 2019:

	February 1, 2019
Operating lease liabilities before discounting	96
Discounted using the incremental borrowing rate	(30)
Total lease liability recognized under IFRS 16 at February 1, 2019	66

The following is a reconciliation of lease liabilities to right of use asset at February 1, 2019:

	February 1, 2019
Operating lease liability at February 1, 2019	53
Lease payments prior to February 1, 2019	13
Depreciation prior to February 1, 2019	(18)
Right of use asset at February 1, 2019	48

Accounting policy applicable from February 1, 2019

For any new contracts entered into on or after February 1, 2019, the Corporation considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for any consideration. To apply this definition the Corporation assesses whether the contract meets three key evaluations which are whether; (i) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation; (ii) the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and (iii) the Corporation has the right to direct the use of the identified assets throughout the period of use. The Corporation assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

As a lessee, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Corporation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Corporation also assesses the right-of-use asset for impairment when such indicators exist. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Corporation's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Corporation has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

As a lessor the Corporation classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. Lease payments received under operating leases are recognized as income on a straight-line basis over the lease term.

Management’s Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Accounting policy applicable before February 1, 2019

Leases are classified as finance or operating leases. A lease is classified as a finance lease if it effectively transfers substantially the entire risks and rewards incidental to ownership. At the commencement of the lease, the Corporation recognizes finance leases as an asset acquisition and an assumption of an obligation in the consolidated balance sheet at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the incremental borrowing rate is used. The interest element of the lease payment is recognized as finance cost over the lease term to achieve a constant periodic rate of interest on the remaining balance of the liability. Any initial direct costs of the lessee are added to the amount recognized as an asset. The useful life and depreciation method is determined on a consistent basis with the Corporation’s policies for property and equipment. The asset is depreciated over the shorter of the lease term and its useful life. All other leases are accounted for as operating leases, wherein payments are expensed on a straight-line basis over the term of the lease. Lease incentives received are recognized

Financial Risk Factors

The Corporation’s activities expose it to financial risks: market risk, more specifically cash flow and fair value interest rate risk, and liquidity risk. The Corporation’s overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Corporation’s financial performance. The Corporation does not use derivative financial instruments to hedge these risks.

(a) Credit risk

Credit risk arises from cash deposited with a financial institution. The Corporation reduces this risk by dealing with creditworthy financial institutions.

(b) Market risk

(i) Cash flow and fair value interest rate risk

The Corporation is exposed to fair value interest rate risk due to its note payable, short-term debt and convertible loan negotiated at a fixed rate.

(ii) Currency risk

The Corporation has cash and accounts payable and accrued liabilities denominated in U.S. dollars and other currencies. The Corporation does not hold financial derivatives to manage fluctuation in these risks.

The following presents the accounts that are exposed to foreign exchange volatility:

	Foreign Currency \$	CDN equivalent \$
Cash – USD	1	1
Accounts payable and accrued liabilities – USD	(18)	(23)
Accounts payable and accrued liabilities – EUR	(1)	(1)
Accounts payable and accrued liabilities – GBP	(16)	(27)
Accounts payable and accrued liabilities – JPY	(436)	(5)

For the comparative period the amount is not material.

If the foreign exchange rate had been 1% higher or lower, all other variables held constant, the impact of the foreign exchange gain or loss would not have been material.

Ortho Regenerative Technologies Inc.



Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Financial Risk Factors – cont'd

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities:

<i>As at October 31, 2019</i>	<i>Carrying value</i> \$	<i>Contractual cash flows</i> \$	<i>Less than 60 days</i> \$	<i>60 days to 12 months</i> \$	<i>More than 12 months</i> \$
Accounts payable and accrued liabilities	1,227	1,227	324	903	-
Investment tax credit loan*	561	646	-	-	646
Convertible loan*	20	20	20	-	-
Convertible debenture units *	1,344	1,969	-	-	1,969
	3,152	3,862	344	903	2,615

<i>As at January 31, 2019</i>	<i>Carrying value</i> \$	<i>Contractual cash flows</i> \$	<i>Less than 60 days</i> \$	<i>60 days to 12 months</i> \$	<i>More than 12 months</i> \$
Accounts payable and accrued liabilities	975	975	602	371	-
Loan*	364	433	-	261	172
Note payable *	139	155	-	-	155
Convertible loan *	652	795	-	-	795
	2,130	2,358	602	632	1,122

*Includes interest payments to be made at the contractual rate.

(d) Capital risk management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation's definition of capital includes equity, comprised of issued common shares, warrants and contributed surplus. The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient financial resources to meet its financial obligations. To secure the additional capital necessary to carry out these plans, the Corporation will attempt to raise additional funds through the issuance of equity or by securing strategic partners. The Corporation is not subject to any externally imposed capital requirements.

Commitments

- a) On June 19, 2015, the Corporation entered into three long term research service agreements with École Polytechnique. When the Corporation's product is commercialized, it must make non-refundable payments to Polyvalor equal to 1.5% of net sales.
- b) Effective January 1, 2018, the Corporation signed a sublease agreement for the period January 1, 2018 to December 31, 2021. The sublease agreement does not contain any contingent rent clause and both parties may terminate the sublease agreement by giving a two-month notice after the initial term of 6 months.

The following table presents the minimum obligation over the next five years:

Year ending January 31,	Occupancy costs
2020	6
2021	24
2022	22
2023	-
2024	-
	52

Management's Discussion and Analysis for the three- and nine-month periods ending October 31, 2019

(In thousands of Canadian dollars, except for units, share and per share amounts)

Subsequent events

- a) On December 12, 2019 the Corporation announced the extension of the term of certain warrants of the Company (the "Extended Warrants") which were originally issued in June 2017, July 2017 and October 2017 in connection with a private placement. The Extended Warrants, representing an aggregate of 207,500, 390,000 and 905,000 share purchase warrants of the Company, originally expiring on December 28, 2019, January 28, 2020 and April 29, 2020 respectively. Pursuant to this extension, the expiry date of the Extended Warrants is extended for one (1) year, being December 28, 2020, January 28, 2021 and April 29, 2021. All other terms of the Extended Warrants will remain unchanged.
- b) On December 31, 2019 the Corporation closed a non-brokered \$0.5 million private placement of convertible debenture units (the "Private Placement"). The Company issued 500 unsecured convertible debenture units (the "Units") at a purchase price of \$1 (\$ one thousand) per Unit for gross proceeds of \$500. Each Unit consist of one 10% unsecured convertible debenture for a principal amount of \$1 (\$ one thousand) (each, a "Debenture") convertible at a \$0.30 price per Class "A" share of the Company ("Common Share") and 2,000 Common Share purchase warrants (each, a "Warrant"), with an exercise price of \$0.50 ("Exercise Price"). The Warrants will automatically convert into Common Shares of the Company at the Exercise Price if the volume weighted average price ("VWAP") over any 20 consecutive trading days is greater or equal to \$1.00. Both the Debentures and the Warrants have a maturity date of December 31, 2021.

Interim Condensed Financial Statements (Unaudited)

Ortho Regenerative Technologies Inc.

In accordance with National Instrument 51-102, the Company discloses that its external auditor has not reviewed the accompanying interim condensed consolidated financial statements for the three and nine months ended October 31, 2019 nor the notes to the interim condensed consolidated financial statements.

The accompanying unaudited interim condensed financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Corporation. These statements have not been reviewed by the Corporation's external auditors.

October 31, 2019

(Third Quarter, Fiscal Year 2020)

Ortho Regenerative Technologies Inc.

Interim Condensed Statements of Financial Position (Unaudited)

In thousands of Canadian dollars except for share and per share amount

As at	Notes	October 31, 2019	January 31, 2019
ASSETS			
Current			
Cash		-	524
Sales tax receivable		78	55
Investment tax credits receivable		193	378
Prepaid expenses		17	41
Total current assets		288	998
Investment tax credits receivable		154	-
Equipment	(4)	128	178
Right of use asset	(5)	36	-
Intangible assets	(6)	404	429
Total assets		1,010	1,605
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Bank overdraft		2	-
Accounts payable and accrued liabilities	(7)	1,227	975
Lease liability	(8)	17	-
Investment tax credit loan	(9)	561	364
Total current liabilities		1,807	1,339
Lease liability	(8)	25	-
Note payable	(10)	-	139
Convertible loan	(11)	20	652
Convertible debenture units	(12)	1,344	-
Derivative liability	(12)	220	63
Total liabilities		3,416	2,193
Shareholders' deficiency			
Common shares	(13)	5,430	5,430
Warrants	(13)	693	665
Contributed surplus		888	717
Deficit		(9,417)	(7,400)
Total shareholders' deficiency		(2,406)	(588)
Total liabilities and shareholders' deficiency		1,010	1,605

Going Concern Uncertainty (Note 1); Commitments (Note 22); Subsequent events (Note 23)

These unaudited condensed interim financial statements were approved and authorized for issuance by the Board of Directors on December 18, 2019.

"/s/ "Claude LeDuc" ", Director

"/s/ "Steve Saviuk" ", Director

The notes are an integral part of these unaudited interim condensed financial statements.

Ortho Regenerative Technologies Inc.

Interim Condensed Statements of Loss and Comprehensive Loss (Unaudited)

In thousands of Canadian dollars except for share and per share amount

For the three- and nine-months period ended October 31,

	Notes	Three months ended		Nine months ended	
		October 31 2019	October 31 2018	October 31 2019	October 31 2018
Expenses					
Research and development costs	(15)	347	403	923	664
General and administrative		254	296	820	841
Share based compensation		37	50	90	98
Financial		49	29	179	111
		687	778	2,012	1,714
Net loss and comprehensive loss		687	778	2,012	1,714
Loss per share					
Weighted average number of common shares outstanding		24,752,424	24,717,641	24,752,424	22,825,373
Basic and diluted loss per common share		0.03	0.03	0.08	0.08

The number of shares held in escrow as at October 31, 2019, is 3,452,685 (6,905,329 – January 31, 2019)

Ortho Regenerative Technologies Inc.

Interim Condensed Statement of Changes in Shareholders' Equity (Deficiency)

(Unaudited)

In thousands of Canadian dollars

For the nine-months period ended

	<i>Notes</i>	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Total Equity (Deficit)
Balance, as at January 31, 2018		20,610,612	3,843	758	548	(5,002)	147
Issuance of shares		3,760,000	1,504	-	-	-	1,504
Exercised options		25,000	40	-	(34)	-	6
Exercised warrants		16,812	12	(2)	-	-	10
Settlement of note		300,000	120	-	-	-	120
Issuance of warrants		-	(22)	45	-	-	23
Share issue costs		-	(67)	-	-	-	(67)
Share based compensation	(13)	-	-	-	98	-	98
Net loss for the period		-	-	-	-	(1,714)	(1,714)
Balance, as at October 31, 2018		24,712,424	5,430	801	612	(6,716)	127
Balance, as at January 31, 2019		24,752,424	5,430	665	717	(7,400)	(588)
Expired warrants	(13)	-	-	(81)	81	-	-
Share based compensation	(13)	-	-	-	90	-	90
Issuance of convertible debenture units	(12)	-	-	109	-	-	109
Adjustment for adoption of IFRS 16	(2)	-	-	-	-	(5)	(5)
Net loss for the period		-	-	-	-	(2,012)	(2,012)
Balance, as at October 31, 2019		24,752,424	5,430	693	888	(9,417)	(2,406)

Ortho Regenerative Technologies Inc.

Interim Condensed Statements of Cash Flows (Unaudited)

In thousands of Canadian dollars

For the nine-month periods ending October 31,

	Notes	2019	2018
Operating activities:			
Net loss from operations		(2,012)	(1,714)
Add items not affecting cash:			
Share-based compensation	(13)	90	98
Consulting fees paid by issuance of units		-	23
Depreciation and amortization		86	51
Amortization of finance charges		28	6
Gain on debt settlement	(12)	(63)	-
Unrealized gain on foreign exchange		(7)	-
Payment of interest		(9)	(19)
Financial charges		161	109
Net change in non-cash working capital items	(14)	376	235
Cash used in operating activities		(1,350)	(1,211)
Investing activities:			
Acquisitions of equipment		-	(55)
Cash used in investing activities		-	(55)
Financing activities:			
Proceeds from short term debt		390	-
Repayment of short- term debt	(9)	(187)	(279)
Payment of debt issue costs		(33)	-
Issuance of convertible debenture units		672	-
Issuance of shares		-	1,504
Proceeds from exercised warrants		-	10
Proceeds from exercised options		-	7
Payment of share issue costs		-	(67)
Payment of lease obligation	(8)	(18)	-
Cash provided by financing activities		824	1,175
Decrease in cash		(526)	(91)
Cash, beginning of year		524	450
(Bank overdraft) Cash, end of period		(2)	359

See note 14 for supplemental cash flow information

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

1. Presentation of Financial Statements

Description of the Business and Going Concern Uncertainty

Ortho Regenerative Technologies Inc. ("the Corporation", or "Ortho RTi") was incorporated under the Canada Business Corporations Act on February 5, 2015. The Corporation's head office, principal address and registered office is located at 16667 Hymus Blvd., Kirkland, Quebec, Canada. On October 10, 2017, the Corporation's shares were listed on the Canadian Securities Exchange ("CSE") under the symbol ORTH.

The Corporation is an emerging Orthopaedic and Sports Medicine biologics company dedicated to the development of novel therapeutic soft tissue repair technologies to dramatically improve the success rate of orthopaedic and sports medicine surgeries. The Corporation's proprietary biopolymer has been specifically designed to increase the healing rates of occupational and sports related injuries to tendons, ligaments, meniscus, and cartilage. The biopolymer – autologous PRP combination implant, can be directly placed into the site of injuries by surgeons during routine operative procedures without significantly extending the duration of surgeries and without further interventions. Considering the significant bioactivity and residency of our proprietary biopolymer – PRP implants, Ortho RTi continues to assess its potential for therapeutic uses outside of the soft tissue repair market.

The accompanying unaudited condensed interim financial statements have been prepared on the going concern basis, which presumes the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In its assessment to determine if the going concern assumption is appropriate, management considers all data available regarding the future for at least, without limiting to, the next twelve months.

The Corporation has yet to generate revenue and has relied upon the issuance of debt and equity instruments to fund operations. As at October 31, 2019, the Corporation had a deficit of \$9,417 and a negative working capital of \$1,519. During the three-month period ended October 31, 2019, the Corporation incurred a net loss of \$687.

The ability of the Corporation to fulfill its obligations and finance its future activities depends on its ability to raise capital and on the continuous support of its creditors. The Corporation believes its efforts to raise sufficient funds to support its activities will be successful, however, there is no assurance that funds will continue to be raised on acceptable terms. This indicates the existence of a material uncertainty that may cast a significant doubt about the ability of the Corporation to continue as a going concern without obtaining additional financial resources.

Failure to obtain such additional financing could result in delay or indefinite postponement of the Corporation's strategic goals. These unaudited condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern. Such adjustments could be material.

These condensed interim financial statements were approved and authorized for issuance by the Board of Directors on December 18, 2019.

2. Summary of Significant Accounting Policies

a) *Basis of measurement*

These unaudited condensed interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

b) *Functional and presentation currency*

These unaudited condensed interim financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation.

Transactions denominated in foreign currencies are initially recorded in the functional currency of the related entity using the exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates. Any resulting exchange difference is recognized in the statement of loss and comprehensive loss. Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated using historical exchange rates, and those measured at fair value are translated using the exchange rate in effect at the date the fair value is determined. Expenses are translated using the average exchange rates for the period or the exchange rate at the date of the transaction for significant items.

	October 31, 2019	January 31, 2019
End of period exchange rate – USD	1.3160	1.3144
Period average exchange rate - USD	1.3254	1.3034

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

2. Summary of Significant Accounting Policies – cont'd

c) Statement of Compliance

These unaudited condensed interim financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These financial statements have been prepared in accordance with those IFRS standards and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations issued and effective or issued as at the time of preparing these condensed interim financial statements. The policies set out below have been consistently applied to all the periods presented.

The preparation of the Corporation’s unaudited condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Corporation’s accounting policies, management has made judgments and estimates disclosed in Note 3, which have the most significant effect on the amounts recognized in the financial statements.

d) Recently adopted accounting policies

IFRS 16, Leases

In January 2016, the IASB released IFRS 16 “Leases” replacing IAS 17 “Leases” and related interpretations. The new standard eliminates the classification of leases as either operating or finance leases for lessees and requires the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value (less than \$5). IFRS 16 is effective for reporting periods beginning on or after January 1, 2019. The Corporation has adopted IFRS 16, effective February 1, 2019, using the modified retrospective approach and has not restated prior periods for the impact of IFRS 16. Comparative information is still reported under IAS 17 and IFRIC 4.

On initial adoption, the Corporation applied the following practical expedients permitted under the standard: (i) short-term leases and leases of low value assets that have been identified at February 1, 2019 are not recognized on the condensed interim balance sheet; (ii) leases with terms ending within 12 months of February 1, 2019 are treated as short-term leases and have not been recognized on the condensed interim balance sheet; (iii) contracts that were not previously identified as containing a lease under the previous standard have not been reassessed under IFRS 16; (iv) initial direct costs were excluded from the measurement of right-of-use assets for the purpose of initial measurement on transition; (v) a single discount rate was used for remaining lease payments on leases with similar characteristics; (vi) the Corporation elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition; (vii) instead of performing an impairment review on the right-of-use assets at the date of initial application, the Corporation has relied on historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 20%.

The Corporation quantified the impact of IFRS 16 adoption on the fiscal 2020 opening balance sheet. On transition to IFRS 16, the Corporation recognized right-of-use assets and lease liabilities. This non-cash adjustment has been excluded from the Statement of Cash Flows. The impact on opening deficit was an increase of \$5.

The impact on transition is summarized below:

	February 1, 2019
Recognition of right of use assets	48
Recognition of lease liabilities	53

The following is a reconciliation of total operating lease commitments at January 31, 2019 to the lease liabilities recognized at February 1, 2019:

	February 1, 2019
Operating lease liabilities before discounting	96
Discounted using the incremental borrowing rate	(30)
Total lease liability recognized under IFRS 16 at February 1, 2019	66

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

2. Summary of Significant Accounting Policies – cont'd

The following is a reconciliation of lease liabilities to right of use asset as at February 1, 2019:

	February 1, 2019
Operating lease liability at February 1, 2019	53
Lease payments prior to February 1, 2019	13
Depreciation prior to February 1, 2019	(18)
Right of use asset at February 1, 2019	48

Accounting policy applicable from February 1, 2019

For any new contracts entered on or after February 1, 2019, the Corporation considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period in exchange for any consideration. To apply this definition the Corporation assesses whether the contract meets three key evaluations which are whether; (i) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation; (ii) the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and (iii) the Corporation has the right to direct the use of the identified assets throughout the period of use. The Corporation assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

As a lessee, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Corporation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Corporation also assesses the right-of-use asset for impairment when such indicators exist. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Corporation's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Corporation has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

As a lessor the Corporation would classify its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. Lease payments received under operating leases are recognized as income on a straight-line basis over the lease term.

Accounting policy applicable before February 1, 2019

Leases are classified as finance or operating leases. A lease is classified as a finance lease if it effectively transfers substantially the entire risks and rewards incidental to ownership. At the commencement of the lease, the Corporation recognizes finance leases as an asset acquisition and an assumption of an obligation in the balance sheet at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the incremental borrowing rate is used. The interest element of the lease payment is recognized as finance cost over the lease term to achieve a constant periodic rate of interest on the remaining balance of the liability. Any initial direct costs of the lessee are added to the amount recognized as an asset. The useful life and depreciation method are determined on a consistent basis with the Corporation's policies for property and equipment. The asset is depreciated over the shorter of the lease term and its useful life. All other leases are accounted for as operating leases, wherein payments are expensed on a straight-line basis over the term of the lease. Lease incentives received are recognized.

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

2. Summary of Significant Accounting Policies – cont'd

IFRS 9, Financial Instruments

The Corporation has adopted IFRS 9, Financial Instruments (“IFRS 9”) effective February 1, 2018 on a modified retrospective basis, in accordance with the transitional provisions of IFRS 9. As such, comparative figures have not been restated. IFRS 9 provides a revised model for recognition, measurement and impairment of financial instruments and includes a new model for hedge accounting aligning the accounting treatment with risk management activities. As detailed below, the Corporation has changed its accounting policy for financial instruments retrospectively, except where described below.

IFRS 9 includes a revised model for classifying financial assets, which results in classification according to a financial instrument’s contractual cash flow characteristics and the business models under which they are held. At initial recognition, financial assets are measured at fair value.

The following table presents the classification impacts on the financial assets and liabilities upon the adoption of IFRS 9. There was no significant impact with regards to the measurement of the financial assets and liabilities.

Asset / Liabilities	Classification under IAS 39	Classification under IFRS 9
Cash	Fair value through profit or loss	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Short-term debt	Other liabilities	Amortized cost
Loan	Other liabilities	Amortized cost
Note payable	Other liabilities	Amortized cost
Convertible loan	Other liabilities	Amortized cost
Derivative liability	Other liabilities	FVTPL

Financial instruments are recognized initially at fair value, and in the case of financial liabilities, not subsequently measured at fair value, net of directly attributable transaction costs. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expired. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. Accounts payable and accrued liabilities, short-term debt, loans, note payable and convertible loans are classified as financial liabilities to be subsequently measured at amortized cost. The adoption of IFRS 9 did not result in a change in the carrying values of any of the Corporations financial liabilities on the transition date.

e) Investment tax credits

Investment tax credits are comprised of scientific research and experimental development tax credits and are recognized when there is reasonable assurance of their recovery and recorded as a reduction of the related expense or cost of the asset acquired, as applicable. Investment tax credits are subject to the customary approvals by the pertinent tax authorities. Adjustments required, if any, are reflected in the year when such assessments are received.

f) Intangible assets

The intangible assets of the Corporation include intellectual properties and technologies acquired from a third party and is recorded at cost less accumulated amortization and accumulated impairment losses, if any. Initial acquisition cost is based on the fair value of the consideration paid and will be amortized on a straight-line basis over the estimated useful life. The intangible assets are amortized on a straight-line fifteen (15) years. The Corporation reviews the estimated useful lives and carrying value of its technology rights as part of its periodic assessment for impairment of non-financial assets.

g) Equipment

Equipment is recorded at cost less accumulated amortization. Equipment will be amortized over their estimated useful life on a declining balance basis. Computer equipment and scientific equipment are amortized over a three- and five- year period respectively.

h) Research and development costs

Research, development costs and costs for new patents and patent applications are charged to operations in the year in which they are incurred, net of related investment tax credits.

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

2. Summary of Significant Accounting Policies – cont'd

i) Impairment of non-financial assets

The Corporation assesses, at each reporting period, whether there is an indication that an asset may be impaired. Impairment is recognized when the carrying amount of an asset, exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Equipment, as well as intangible asset with a finite useful life are tested for impairment whenever there is an indication that the carrying amount of the asset exceeds its recoverable amount. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the recoverable amount of the asset. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized.

The reversal of impairment losses is limited to the amount that would bring the carrying value of the asset to the amount that would have been recorded, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of loss and Comprehensive loss in the same line item where the original impairment was recognized.

j) Financial assets and liabilities

All financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. Subsequent measurement and recognition of the changes in fair value of financial instruments depends upon their initial classifications. Amortized cost financial assets are measured at fair value with subsequent changes in fair value recognized in current period net income.

Fair value through profit or loss ("FVTPL") assets, loans and receivables and other financial liabilities, initially measured at fair value and subsequently measured changes recognized in current period net income. Fair value through other comprehensive income ("FVTOCI") financial assets measured at fair value with subsequent gains or losses included in other comprehensive income until the asset is removed from the statements of financial position.

The following summarizes the Corporation's classification and measurement of financial assets and liabilities as at October 31:

	Measurement
Financial asset:	
Cash	Amortized cost
Financial liabilities:	
Accounts payable and accrued liabilities	Amortized cost
Short-term debt	Amortized cost
Loan	Amortized cost
Note payable	Amortized cost
Convertible loan	Amortized cost
Derivative liability	FVTPL

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities, other than financial assets and financial liabilities measured at FVTPL, are accounted for as part of the carrying amount of the respective asset or liability at inception. Transaction costs related to financial instruments measured at amortized cost are amortized using the effective interest rate over the anticipated life of the related instrument.

Transaction costs on financial assets and financial liabilities measured at FVTPL are expensed in the period incurred. Financial assets are derecognized when the contractual rights to the cash flows from financial assets expire or have been transferred. All derivative instruments, including embedded derivatives, are recorded in the financial statements at fair value.

k) Income taxes

Income tax expense comprises current and deferred tax. Tax expense is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in shareholders' equity, in which case the related tax is recognized in shareholders' equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Corporation operates.

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

2. Summary of Significant Accounting Policies – cont'd

Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are recognized for the future income tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective tax bases, and for tax losses carried forward.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates that will be in effect for the year in which the differences are expected to reverse.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized. Deferred tax asset and liability differences are recognized directly in income, other comprehensive income ("OCI") or equity based on the classification of the item to which they relate.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its tax assets and liabilities on a net basis.

l) Sales tax

Expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized in the cost of acquisition of the asset or as part of the expense item, as applicable; and receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or accounts payable and accrued liabilities in the statement of financial position.

m) Share capital

The Corporation's share capital is classified as equity if it is non-redeemable, or redeemable only at the Corporation's option, and any dividends are discretionary. Incremental costs directly attributable to the issuance of shares and warrants, net of any tax effects, are recognized as a deduction of equity. Dividends thereon are recognized as distributions within equity upon approval by the Corporation's Board of Directors.

When the Corporation issues units that are comprised of a combination of shares and warrants, the value is assigned to shares and warrants based on their relative fair values. The fair value of the shares is determined by the closing price on the date of the transaction and the fair value of the warrants is determined based on a stochastic model.

When warrants are exercised, share capital is credited by the sum of the consideration paid, together with the related portion previously recorded to warrants. Share capital is classified as a liability if it is redeemable on a specific date or in the future, or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in earnings as accrued.

n) Share-based compensation

The Corporation grants stock options to directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is determined at the date of grant using the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Corporation's common stock and an expected life of the stock-based instruments. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately to the statement of loss with an offsetting credit to contributed surplus, except for options granted as consideration for share issuance costs, which are charged to share capital.

When stock options are exercised, share capital is credited by the sum of the consideration paid, together with the related portion previously recorded to contributed surplus.

o) Earnings per share

Basic earnings or loss per share is calculated by dividing the profit or loss of the year by the weighted average number of shares outstanding. Diluted earnings or loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted earnings or loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share. For the period presented, the potentially dilutive effect of options, full warrants and convertible instruments have proved to be anti-dilutive.

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

2. Summary of Significant Accounting Policies – cont'd

p) Segment reporting

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Corporation views its operations and manages its business in one operating segment.

3. Use of Estimates and Judgments

The application of the Corporation's accounting policies requires management to use estimates and judgments that can have a significant effect on the revenues, expenses, comprehensive loss, assets and liabilities recognized and disclosures made in the financial statements.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically, and the effects of any changes are recognized immediately. Actual results could differ from the estimates used.

Management's budget and strategic plans are fundamental information used as a basis for the estimates necessary to prepare financial information. Management tracks performance as compared to the budget, and significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

The following areas require management's critical estimates:

Share-based payments and warrants

The Corporation measures the cost of share-based payments, either equity or cash-settled, with employees by reference to the fair value of the equity instrument or underlying equity instrument at the date on which they are granted. Estimating fair value for share-based payments requires management to determine the most appropriate valuation model for a grant, which is dependent on the terms and conditions of each grant. In valuing certain types of stock-based payments and warrants granted, the Corporation uses the Black-Scholes option pricing model. Several assumptions are used in the underlying calculation of fair values of the Corporation's stock options and warrants granted using the Black-Scholes option pricing model, including the expected life of the option or warrant, stock price volatility and forfeiture rates. Details of the assumptions used are included in *Note 13*.

Convertible loans

The calculation of the fair value of the debt component of the convertible loan requires using an interest rate that the Corporation would have had to pay had the loan been obtained without a conversion feature. Such interest rate requires management's estimates by reference to loan interest paid by comparable companies in the similar sector. The Corporation estimates 25% being the reasonable interest rate a comparable company in the biotech sector would likely pay in obtaining loans. Changes to these estimates may affect the carrying value of the convertible loan and the equity portion of convertible debentures.

Depreciation and amortization

Equipment is depreciated based on the estimated useful life less its residual value. The intangible asset is amortized based on the estimated life less its residual value. Significant assumptions are involved in the determination of useful life and residual values, and no assurance can be given that actual useful life and residual values will not differ significantly from current assumptions. Actual useful life and residual values may vary depending on several factors including internal technical valuation, physical condition of the asset and experience with similar assets. Changes to these estimates may affect the carrying value of long-lived assets, net loss and comprehensive loss in future periods.

The following areas require management's judgments:

Investment tax credits

The amounts and the moment of the recognition of the investment tax credits receivable involve a certain degree of judgment with regards to the eligibility of the research and development expenditures which give rise to the tax credits refunds and to the probability of receiving the amounts. The amounts claimed by the Corporation are subject to the review and the approval of the tax authorities, and it is possible that the amounts granted will differ from the amounts claimed.

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

4. Equipment

The following table presents the changes in equipment during the period:

	Cost	Accumulated amortization	Carrying Value
	\$	\$	\$
Balance as at January 31, 2019	235	(57)	178
Additions	(1)	(49)	(50)
Balance as at October 31, 2019	234	(106)	128

5. Right of Use Asset

The following table presents the changes in right of use asset during the period:

	Cost	Accumulated amortization	Carrying Value
	\$	\$	\$
Balance as at February 1, 2019, on adoption of IFRS 16	66	(18)	48
Additions	-	(12)	(12)
Balance as at October 31, 2019	66	(30)	36

6. Intangible Asset

The following table presents the changes in intangible assets during the period:

	Cost	Accumulated amortization	Carrying Value
	\$	\$	\$
Balance as at January 31, 2019	485	(56)	429
Additions	-	(25)	(25)
Balance as at October 31, 2019	485	(81)	404

7. Accounts Payable and Accrued Liabilities

The following table presents the components of accounts payable and accrued liabilities:

	October 31, 2019	January 31, 2019
	\$	\$
Trade accounts payable	1,103	717
Accrued liabilities	124	253
Deductions at Source	-	5
Balance as at October 31, 2019	1,227	975

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

8. Lease Liability

The following table presents the changes in the lease liability during the period:

	Nine months ended October 31, 2019	Year ended January 31, 2019
	\$	\$
Balance at February 1 on adoption of IFRS 16	53	-
Interest expense	7	-
Lease payments	(18)	-
Balance as at October 31, 2019	42	-
Which consists of		
Current lease liability	17	-
Non-current lease liability	25	-

Effective January 1, 2018, the Corporation signed a sublease agreement for the period January 1, 2018 to December 31, 2021. The sublease agreement does not contain any contingent rent clause and both parties may terminate the sublease agreement by giving a two-month notice after the initial term of 6 months.

The following table presents the minimum obligation over the next five years:

Year ending January 31,	Occupancy costs
2020	6
2021	24
2022	22
	52

9. Investment Tax Credit Loan

The following table presents the changes in the Investment tax credit loan during the period:

	Nine months ended October 31, 2019	Year ended January 31, 2019
	\$	\$
Opening balance	364	272
Additions	390	389
Repayment	(187)	(273)
Transaction costs	(34)	(34)
Amortization of transaction costs	28	10
Total Loan	561	364

10. Note Payable

The following table presents the changes in the note payable during the period:

	Nine months ended October 31, 2019	Year ended January 31, 2019
	\$ (current)	\$ (non-current)
Principal	139	225
Partial settlement by issuance of shares	-	(120)
Conversion to convertible debenture units	(150)	-
Interest accrued	11	34
Total note payable	-	139

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

11. Convertible Loan

The following table presents the changes in the convertible loan during the period:

	Nine months ended October 31, 2019	Year ended January 31, 2019
	\$	\$
Opening balance	652	607
Fair value of option allocated to liability	63	(63)
Equity component residual value	-	67
Gain on debt extinguishment	(63)	(58)
Accretion expense	112	98
Conversion to debenture units	(744)	-
Amortization of transaction costs	-	1
Total convertible loan	20	652

During the period, this loan was converted into convertible debenture units (Note 12). The \$20 residual amount, representing accrued interest, has been converted subsequent to the end of the period.

12. Convertible Debenture Units

The following table presents the changes in the convertible loan during the period:

	Nine months ended October 31, 2019	Year ended January 31, 2019
	\$	\$
Opening balance	-	-
Additions	747	-
Equity component residual value	(109)	-
Fair value of option allocated to liability	(220)	-
Accretion expense	23	-
Conversion to debenture units	894	-
Total convertible debenture units	1,335	-

On October 8, 2019, the Company issued unsecured convertible debenture units for a total principal amount of \$1,644. The debentures mature on October 8, 2021 and bear interest at an annual rate of 10% per annum. The debentures are convertible, in whole or in part, at the option of the holder at any time prior to the close of business on the last business day immediately preceding the maturity date. Each debenture unit consisted of one \$1 (\$ one thousand) principal amount unsecured convertible debenture and 2,000 share purchase warrants, each exercisable into one common share of the Company at \$0.50 per share two years from issuance.

If at any time, 24 months following date of issuance. In the event that the average VWAP over any twenty (20) consecutive trading days is greater or equal to \$1.00, the Issuer may give notice to the Warrant holder that it must exercise its remaining Warrants within a period of 30 days from the date of receipt of the notice, failing which the Warrants will automatically expire. The "average VWAP" is the average of the volume weighted average market prices of the Issuer's Class "A" Shares on a single day. Total finders' fee of 5,600 compensation warrants were incurred on the issuance of the units. Each compensation warrant is exercisable into one debenture unit of the Company at \$1 (\$ one thousand) per unit 18 months from issuance under the same terms as this units in this placement. The fair value of \$411 was assigned to the 5,600 compensation warrants using the Monte Carlo valuation model with the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 93.18% which is based on historical volatility, risk-free rate of return of 1.44% and an expected maturity of 1.5 years.

The convertible debentures are compound financial instruments with the equity component being the residual value after accounting for the debt component. The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 25%, being management's best estimate of the rate that a nonconvertible debenture with similar terms would bear. The equity component consists of the warrants and the equity conversion feature. The values attributed to each was based on the relative fair value approach. On initial recognition, the liability components were \$1,335, the warrants were \$109 and the derivative liability components were \$220. Accretion charges, included in financial expense on the statement of loss and comprehensive loss, attributable to the debentures for the three months ended October 31, 2019 was \$22.

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

13. Share Capital and other Equity Instruments

(a) Share capital

The Authorized Share Capital is composed of

- i. Unlimited number of Class "A" common shares, no par value
- ii. Unlimited number of Class "AA" preferred shares, non-voting, non-cumulative dividends at the discretion of the directors, no par value
- iii. Unlimited number of Class "B" preferred shares, redeemable, non-voting, non-cumulative dividends of 1%, no par value

Class "A" common shares	#	\$
Balance as at January 31, 2019	24,752,424	5,430
Balance as at October 31, 2019	24,752,424	5,430

Based on the escrow agreement filed with the *Autorité des Marchés Financiers*, 3,452,685 shares are held in escrow and will be released from the Escrowed Securities as follows:

Release Date	Number of Escrowed Securities to be Released
On April 10, 2020	1,726,322
On October 10, 2020	1,726,363

(b) Share based compensation

The Corporation implemented an incentive stock option plan for directors, officers, employees and consultants to participate in the growth and development of the Corporation by providing such persons with the opportunity, through stock options, to purchase common shares of the Corporation. The stock option plan provides that the aggregate number of shares reserved for issuance, set aside and made available for issuance may not exceed 10% of the number of issued shares at the time the options are to be granted. The maximum number of options which may be granted to any one beneficiary shall not exceed 5% of the issued shares, calculated at the date the option is granted.

The stock option plan is administered by the Board of Directors of the Corporation and it has full and final authority with respect to the granting of all options thereunder. The exercise price of any options granted under the stock option plan shall be determined by the Board of Directors, subject to any applicable regulations or policies. The term and vesting of any options granted under the stock option plan shall be determined by the Board of Directors at the time of grant, however, subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death, the term of any options granted under the stock option plan may not exceed 5 years.

Options granted under the stock option plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession to a qualified successor. In the event of death of an option holder, options granted under the stock option plan expire upon the earlier of the normal expiry date of the options or one year from the date of death of the option holder.

Subject to certain exceptions, in the event that an employee, director, officer, consultant ceases to hold office or provide consulting services, options granted to such a holder under the stock option plan will expire 90 days after the holder ceases to hold office or such earlier date as the Board of Directors may decide at the date the options were granted. Notwithstanding the foregoing, in the event of a termination for cause of an option holder, all unexercised options held by such option holder shall immediately terminate.

The following table presents the common shares issuable on exercise of the share-based payment transaction granted during the current period.

	Number of Shares	Weighted Average Exercise Price
	#	\$
Balance as at January 31, 2019	2,225,000	0.44
Granted during the period	750,000	0.36
Cancelled during the period	(650,000)	0.51
Balance as at October 31, 2019	2,325,000	0.40

During the period, 650,000 options were cancelled, and the recognized compensation related to these options amounted to \$10.

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

13. Share Capital and other Equity Instruments – cont'd

In total, \$90 (\$98 – 2018) of consultants and directors' compensation expense has been included in the statement of loss and credited to contributed surplus.

All share-based payments will be settled in equity. The Corporation has no legal or contractual obligation to repurchase or settle the options in cash.

The following options to purchase common shares were outstanding as at October 31, 2019:

Options outstanding	Options exercisable	Exercise price \$	Remaining contractual life
260,000 (a)	260,000	0.10	0.56 years
1,315,000	950,000	0.50	2.00 years
750,000	145,500	0.36	4.64 years
2,325,000	1,355,500		

(a) As per the escrow agreement, 120,000 of these options are held in escrow.

(c) Warrants

The following schedules present the common shares issuable on exercise of the full warrant transactions granted during the current fiscal year:

	Number of Shares #	Weighted Average Exercise Price \$
Balance as at January 31, 2019	3,569,713	0.70
Granted during the period	3,287,800	0.50
Expired during the period	(411,713)	0.69
Balance as at October 31, 2019	6,445,800	0.60

As at October 31, 2019, the Corporation had outstanding warrants as follows:

Number of warrants	Issue date	Expiry date	Exercise price \$	Fair value of full warrants \$	Remaining contractual life in years
460,000	August 2, 2016	August 2, 2020	0.70	0.20	0.76
480,000	March 31, 2017	October 1, 2020	0.70	0.20	0.92
570,000	April 27, 2017	October 29, 2020	0.70	0.20	1.00
207,500	June 28, 2017	December 28, 2019	0.70	0.26	0.16
390,000	July 28, 2017	January 29, 2020	0.70	0.22	0.24
905,000	October 31, 2017	April 29, 2020	0.70	0.10	0.49
143,000	May 30, 2018	November 1, 2019	0.70	0.15	0.51
2,500	May 30, 2018	November 1, 2019	0.70	0.11	0.51
3,282,200	October 8, 2019	October 8, 2021	0.50	0.07	1.94
5,600	October 8, 2019	March 8, 2021	0.50	0.07	1.35
6,445,800					0.69

On April 29, 2019, a total of 905,000 warrants were extended from their original expiry date of April 29, 2019 to April 29, 2020. These warrants were issued in 2016 and 2017 and were originally issued as part of private placements. On September 17, 2019 a total of 480,000 warrants were extended from their original expiry date of October 1, 2019 to October 1, 2020. These warrants were issued in 2017 and were originally issued as part of private placements

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

14. Supplemental Cash Flow Information

For the nine months ended October 31, supplemental cash flow information consisted of:

	2019	2018
	\$	\$
Net change in non-cash operating working capital items		
Sales tax receivable and prepaid expenses	11	(16)
Investment tax credits receivable	30	71
Accounts payable and accrued liabilities	335	180
Total	376	235
Non-cash transactions		
Settlement of note payable by issuance of shares	-	120
Right of use asset	48	-

15. Research and Development Costs

For the three- and nine-months ending October 31, research and development costs consist of:

	Three months ended October 31,		Nine months ended October 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Research expenses	-	-	-	28
Development costs	374	423	911	591
Patent costs	22	35	92	84
Amortization – intangible asset	8	8	24	24
Depreciation – equipment	17	26	50	26
	421	492	1,077	753
Investment tax credit	(74)	(89)	(154)	(89)
Total	347	403	923	664

16. Personnel Costs

For the three- and nine-months ending October 31, personnel costs consist of:

	Three months ended October 31,		Nine months ended October 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Salaries and employee benefits expense	-	98	47	247
Share-based compensation for employees and directors and consulting fees paid in lieu of salaries	109	117	297	326
Total	109	215	344	573

17. Income Taxes

As at January 31, 2019, the Corporation had accumulated non-capital losses for income tax purposes, which are available to be applied against future taxable income.

	Federal	Provincial
	\$	\$
2036	567	423
2037	1,332	1,352
2038	460	458
2039	1,192	1,192
	3,551	3,425

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

17. Income Taxes – cont'd

As at January 31, 2019, the Corporation had investment tax credits totalling \$202 (2018 – \$53), which are available to reduce income taxes for future years.

The Corporation has not recognized the above tax benefits and will recognize them when future profits are probable the respective jurisdictions.

18. Financial Instruments

The table below indicate the carrying values of financial assets and liabilities for each of the following categories:

as at October 31, 2019:	FVTPL	FVTOCI	Amortized cost
Financial asset:			
Bank indebtedness	-	-	(2)
Financial liabilities:			
Accounts payable and accrued liabilities	-	-	(1,227)
Investment tax credit loan	-	-	(561)
Lease liability	-	-	(42)
Convertible loan	-	-	(20)
Convertible debenture unit	-	-	(1,344)
Derivative liability	(220)	-	-
	(220)	-	(3,196)

As at January 31, 2019:	FVTPL	FVTOCI	Amortized cost
Financial asset:			
Cash	-	-	524
Financial liabilities:			
Accounts payable and accrued liabilities	-	-	(975)
Loan	-	-	(364)
Note payable	-	-	(139)
Convertible loan	-	-	(652)
Derivative liability	(63)	-	-
	(63)	-	(1,606)

The Corporation categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement. For the nine months ended October 31, 2019 and twelve months ended January 31, 2019, the Corporation has carried at fair value financial instruments in Level 1. At October 31, 2019, the Corporation's only financial instrument measured at fair value is cash, which is considered a Level 1 instrument. There were no transfers between levels during the year. The three levels are defined as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

The following table provides the fair value measurement hierarchy of the Corporation's assets and liabilities.

Date of Fair Value Measurement		(Level 1) \$	(Level 2) \$	(Level 3) \$
<u>October 31, 2019</u>				
Assets	None	-	-	-
Liabilities	Derivative liability	-	220	-
<u>January 31, 2019</u>				
Assets	None	-	-	-
Liabilities	Derivative liability	-	63	-

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

18. Financial Instruments – cont'd

The fair value of a financial instrument is approximated by the consideration that would be agreed to in an arm's length transaction between willing parties and through appropriate valuation methods, but considerable judgement is required for the Corporation to determine the value. The actual amount that could be realized in a current market exchange could be different than the estimated value. The fair values of financial instruments included in current assets and current liabilities approximate their carrying values due to their short-term nature.

19. Financial Risk Factors

The Corporation's activities expose it to financial risks: market risk, more specifically cash flow and fair value interest rate risk, and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Corporation's financial performance. The Corporation does not use derivative financial instruments to hedge these risks.

(a) Credit risk

Credit risk arises from cash deposited with a financial institution. The Corporation reduces this risk by dealing with creditworthy financial institutions.

(b) Market risk

(i) Cash flow and fair value interest rate risk

The Corporation is exposed to fair value interest rate risk due to its note payable, short-term debt and convertible loan negotiated at a fixed rate.

(ii) Currency risk

The Corporation has cash and accounts payable and accrued liabilities denominated in U.S. dollars and other currencies. The Corporation does not hold financial derivatives to manage fluctuation in these risks.

The following presents the accounts that are exposed to foreign exchange volatility:

	Foreign Currency \$	CDN equivalent \$
Cash – USD	1	1
Accounts payable and accrued liabilities – USD	(18)	(23)
Accounts payable and accrued liabilities – EUR	(1)	(1)
Accounts payable and accrued liabilities – GBP	(16)	(27)
Accounts payable and accrued liabilities – JPY	(436)	(5)

For the comparative period the amount is not material.

if the foreign exchange rate had been 1% higher or lower, all other variables held constant, the impact of the foreign exchange gain or loss would not have been material.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities

As at October 31, 2019	Carrying value \$	Contractual cash flows \$	Less than 60 days \$	60 days to 12 months \$	More than 12 months \$
Financial liabilities					
Accounts payable and accrued liabilities	1,227	1,227	324	903	-
Investment tax credit loan*	561	646	-	-	646
Convertible loan*	20	20	20	-	-
Convertible debenture units *	1,344	1,969	-	-	1,969
	3,152	3,862	344	903	2,615

*Includes interest payments to be made at the contractual rate.

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

19. Financial Risk Factors – Liquidity risk cont'd

As at January 31, 2019:	Carrying value	Contractual cash flows	Less than 60 days	60 days to 12 months	More than 12 months
	\$	\$	\$	\$	\$
Financial liabilities					
Accounts payable and accrued liabilities	975	975	603	372	-
Loan*	364	433	-	261	172
Note payable *	139	155	-	-	155
Convertible loan *	652	795	-	-	795
	2,130	2,358	603	633	1,122

*Includes interest payments to be made at the contractual rate.

(d) Capital risk management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation's definition of capital includes equity, comprised of issued common shares, warrants and contributed surplus. The Corporation's primary objective with respect to its capital management is to ensure that it has enough financial resources to meet its financial obligations. To secure the additional capital necessary to carry out these plans, the Corporation will attempt to raise additional funds through the issuance of equity or by securing strategic partners. The Corporation is not subject to any externally imposed capital requirements.

20. Related Party Transactions

The following table presents the related party transactions presented in the statement of loss for the three months ended:

	October 31, 2019	October 31, 2018
	\$	\$
<i>Transactions with key management and members of the Board of Directors:</i>		
Salaries and employee benefits expense	-	63
Share-based compensation to employees and directors	37	50
Consulting fees charged by a director, CEO and CFO	70	60
<i>Transactions with Manitex Capital Inc., a shareholder of the Corporation:</i>		
Interest charged by Manitex Capital Inc.	65	50
<i>Transaction with École Polytechnique, a partner of Polyvalor</i>		
Research and development costs	74	75

The following table presents the related party transactions presented in the statement of financial position as at:

	October 31, 2019	October 31, 2018
	\$	\$
Accounts payable and accrued liabilities due to a director, CEO and CFO	182	-
Accounts payable due to École Polytechnique, a partner of Polyvalor	74	-
Transaction with Polyvalor, holder of 1,073,333 common shares:		
Amounts included in intangible asset	116	116

All other related parties' transactions are disclosed in the respective notes in these financial statements.

21. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current fiscal year.

Ortho Regenerative Technologies Inc.

Notes to Financial Statements (Unaudited)

In thousands of Canadian dollars

For the three and nine-month periods ending October 31, 2019

22. Commitments

On June 19, 2015, the Corporation entered into three long term research service agreements with École Polytechnique when the Corporation's product is commercialized, it must make non-refundable payments to Polyvalor equal to 1.5% of net sales.

23. Subsequent Events

- a) On December 12, 2019 the Corporation announced the extension of the term of certain warrants of the Company (the "Extended Warrants") which were originally issued in June 2017, July 2017 and October 2017 in connection with a private placement. The Extended Warrants, representing an aggregate of 207,500, 390,000 and 905,000 share purchase warrants of the Company, originally expiring on December 28, 2019, January 28, 2020 and April 29, 2020 respectively. Pursuant to this extension, the expiry date of the Extended Warrants is extended for one (1) year, being December 28, 2020, January 28, 2021 and April 29, 2021. All other terms of the Extended Warrants will remain unchanged.
- b) On December 31, 2019 the Corporation closed a non-brokered \$0.5 million private placement of convertible debenture units (the "Private Placement"). The Company issued 500 unsecured convertible debenture units (the "Units") at a purchase price of \$1 (\$ one thousand) per Unit for gross proceeds of \$500. Each Unit consist of one 10% unsecured convertible debenture for a principal amount of \$1 (\$ one thousand) (each, a "Debenture") convertible at a \$0.30 price per Class "A" share of the Company ("Common Share") and 2,000 Common Share purchase warrants (each, a "Warrant"), with an exercise price of \$0.50 ("Exercise Price"). The Warrants will automatically convert into Common Shares of the Company at the Exercise Price if the volume weighted average price ("VWAP") over any 20 consecutive trading days is greater or equal to \$1.00. Both the Debentures and the Warrants have a maturity date of December 31, 2021.