Interim Condensed Financial Statements
(Unaudited)

Ortho Regenerative Technologies Inc.

July 31, 2020
Second quarter, fiscal year 2021

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Corporation have been prepared by management and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review or an audit of these interim financial statements

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*	July 31, 2020	January 31, 2020
ASSETS			
Current			
Cash		**23**	302
Sales tax receivable		**35**	14
Investment tax credits receivable		**219**	361
Prepaid expenses		**64**	64
Total current assets		**341**	741
Equipment	4	**91**	112
Right of use asset	5	**28**	38
Intangible assets	6	**380**	396
Total assets		**840**	1,287
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable and accrued liabilities	7	**1,286**	1,021
Lease liability	8	**17**	20
Investment tax credit loan	9	**434**	596
Total current liabilities		**1,737**	**1,637**
Lease liability	8	**14**	21
Long-term loans	12	**40**	302
Convertible debentures	13	**2,792**	1,726
Total liabilities		**4,583**	3,686
Shareholders' deficiency			
Common shares	14	**5,514**	5,418
Warrants	14	**857**	732
Equity component of convertible debentures		**520**	385
Contributed surplus		**946**	955
Deficit		**(11,580)**	(9,889)
Total shareholders' deficit		**(3,743)**	(2,399)
Total liabilities and shareholders' deficit		**840**	1,287

Going Concern Uncertainty (Note 1); Commitments *(Note 23); Subsequent events (Note 24)*

These unaudited interim condensed financial statements were approved and authorized for issuance by the Board of Directors on September 24, 2020.

"/s/ "Claude LeDuc" " , Director *"/s/ "Michael Atkin" "*, 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 months and six months ended July 31,

		Three months ended,		Six months ended,	
	Notes	**July 31, 2020**	July 31, 2019	**July 31, 2020**	July 31, 2019
Expenses					
Research and development	16	**195**	194	**560**	502
General and administrative	17	**186**	361	**693**	566
Share based compensation	14	**49**	44	**69**	54
Financing expense, net	18	**201**	63	**369**	130
Total Expenses		**631**	662	**1,691**	1,252
Net loss and comprehensive loss		**631**	662	**1,691**	1,252
Loss per share					
Weighted average number of common shares outstanding		**24,778,743**	24,752,424	**24,765,656**	24,752,424
Basic and diluted loss per common share		**0.03**	0.03	**0.07**	0.05

The number of shares held in escrow as at July 31, 2020, is 1,726,363 (3,452,685 – January 31, 2020)

Going concern uncertainty (Note 1)

Ortho Regenerative Technologies Inc.

Interim Condensed Statement of Changes in Shareholders' Deficit

(Unaudited)

In thousands of Canadian dollars

For the six months ended July 31,

	Notes	Number of shares	Share capital	Warrants	Equity component of convertible debenture	Contributed surplus	Deficit	Total
Balance, as at January 31, 2019		24,752,424	5,430	665	-	717	(7,400)	(588)
Expired warrants		-	-	(58)	-	58	-	-
Share based compensation		-	-	-	-	54	-	54
Adjustment for adoption of IFRS 16		-	-	-	-	-	(5)	(5)
Net loss for the period		-	-	-	-	-	(1,252)	(1,252)
Balance, as at July 31, 2019		24,752,424	5,430	607	-	829	(8,657)	(1,791)
Balance, as at January 31, 2020		**24,752,424**	**5,418**	**732**	**385**	**955**	**(9,889)**	**(2,399)**
Unit issue costs		**-**	**(4)**	**1**	**-**	**-**	**-**	**(3)**
Share based compensation	14	**-**	**-**	**-**	**-**	**69**	**-**	**69**
Exercise of stock options	14	**215,000**	**100**	**-**	**-**	**(78)**	**-**	**22**
Issuance of convertible debentures	13	**-**	**-**	**124**	**135**	**-**	**-**	**259**
Net loss for the period		**-**	**-**	**-**	**-**	**-**	**(1,691)**	**(1,691)**
Balance, as at July 31, 2020		**24,967,424**	**5,514**	**857**	**520**	**946**	**(11,580)**	**(3,743)**

Ortho Regenerative Technologies Inc.

Interim Condensed Statements of Cash Flows

(Unaudited)

In thousands of Canadian dollars

For the six months ended July 31,

	Notes	2020	2019
Operating activities:			
Net loss from operations		**(1,691)**	(1,252)
Add items not affecting cash:			
Share-based compensation	14	**69**	54
Consulting fees paid by issuance of convertible debenture		**395**	-
Depreciation and amortization		**47**	58
Amortization of financial charges		**31**	19
Unrealized (gain) loss on foreign exchange		**(5)**	-
Payment of interest		**(43)**	(9)
Financial charges		**324**	84
Net change in non-cash working capital items	15	**402**	390
Cash used in operating activities		**(471)**	(656)
Cash used in investing activities		**-**	-
Financing activities:			
Repayment of short-term debt	9	**(193)**	(139)
Proceeds from short-term debt		**-**	325
Proceeds from issuance of long-term debt	12	**40**	-
Proceeds from exercised options		**5**	-
Payment of debt issue costs		**(3)**	-
Issuance of convertible debenture units		**355**	-
Payment of lease obligation	8	**(12)**	(12)
Cash provided (used) by financing activities		**192**	174
Decrease in cash		**(279)**	(482)
Cash, beginning of period		**302**	524
Cash, end of period		**23**	42

See Note 15 for supplemental cash flow information

1. Presentation of Financial Statements

Description of the Business

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. Since October 10, 2017, the Corporation's shares have been 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.

Statement of Compliance

These unaudited interim condensed financial statements of the Corporation have been prepared for the three and six months ended July 31, 2020 in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited interim condensed financial statements have been prepared in accordance with those IFRS standards and interpretations of the International Financial Reporting Interpretations Committee issued and effective or issued and early adopted as at the time of preparing these statements. These unaudited interim condensed financial statements do not include all the information required for full disclosure in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended January 31, 2020 as they follow the same accounting policies and methods of application.

These unaudited interim condensed financial statements were approved and authorized for issuance by the Board of Directors on September 24, 2020.

Going Concern

These unaudited interim condensed 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 its operations. As at July 31, 2020, the Corporation had a deficit of $11,580 and a negative working capital of $1,396. During the six-month period ended July 31, 2020, the Corporation incurred a net loss of $1,691.

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 interim condensed 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.

An outbreak of a novel strain of coronavirus, identified as "COVID-19", was declared a global pandemic by the World Health Organization on March 11, 2020. In response, many countries have required entities to limit or suspend business operations and implemented travel restrictions and quarantine measures. These measures have disrupted the activities of many entities and have led to significant volatility in the global markets. The Corporation continues to monitor and actively manage the developing impacts from COVID-19, including but not limited to, the potential future effects on its assets, cash flow and liquidity, and will continue to assess impacts to the Corporation's operations, going concern assumption, and the value of assets and liabilities reported in these statements. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

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

2. Summary of Significant Accounting Policies

Basis of measurement

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

Functional and presentation currency

These unaudited interim condensed 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 Corporation's functional currency 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.

	July 31, 2020	January 31, 2020
End of period exchange rate – USD	**1.3404**	1.3233
Period average exchange rate - USD	**1.3671**	1.3252

3. Use of Estimates and Judgment

The preparation of the unaudited interim condensed financial statements requires management to undertake several judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgements and estimates. These estimates and judgements are based on management's best knowledge of the events or circumstances and actions the Corporation may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 of the Corporation's 2020 annual financial statements and are still applicable for the three and six months ended July 31, 2020.

4. Equipment

	Cost	**Accumulated amortization**	**Carrying Value**
Balance as at January 31, 2020	235	(123)	112
Additions	-	(21)	(21)
Balance as at July 31, 2020	**235**	**(144)**	**91**

5. Right of Use Asset

	Cost	**Accumulated amortization**	**Carrying Value**
Balance as at January 31, 2020	58	(20)	38
Additions	-	(10)	(10)
Balance as at July 31, 2020	**58**	**(30)**	**28**

6. Intangible Assets

	Cost	**Accumulated amortization**	**Carrying Value**
Balance as at January 31, 2020	485	(89)	396
Additions	-	(16)	(16)
Balance as at July 31, 2020	**485**	**(105)**	**380**

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

7. Accounts Payable and Accrued Liabilities

Balance as at	**July 31, 2020**	January 31, 2020
Trade accounts payable	**1,249**	998
Accrued liabilities	**15**	23
Advance on unit offering	**17**	-
Interest payable	**5**	-
	1,286	1,021

8. Lease Liability

Balance at January 31, 2020	41
Interest expense	2
Lease payments	(12)
Balance as at July 31, 2020	**31**
Which consists of	
Current lease liability	17
Non-current lease liability	14

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.

The following table presents the minimum obligation over remaining term:

Year ending January 31,	**Occupancy costs**
2021	12
2022	22
	34

9. Investment Tax Credit Loan

	Six months ended July 31, 2020	Year ended January 31, 2020
Opening balance	**596**	364
Additions	**-**	468
Repayment	**(193)**	(218)
Transaction costs	**-**	(63)
Amortization of transaction costs	**31**	45
	434	596

On August 20, 2019, the Corporation signed a short-term loan agreement to finance its fiscal year 2020 investment tax credits. 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. The amounts are due upon receiving the refunds from the respective governments. Transaction costs of $34 were incurred on issuance of the loan and were netted against the loan. The transaction costs are amortized over the term of the loan and presented as a financing expense.

On December 21, 2019, the Corporation renewed its agreement to finance the balance of its fiscal year 2017, 2018 and 2019 investment tax credits. 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. The amounts are due upon receiving the refunds from the respective governments. Transactions costs of $30 were capitalized to the loan balance. The transaction costs are amortized over the term of the loan and presented as a financing expense.

10. Note Payable

	Six months ended July 31, 2020	Year ended January 31, 2020
Opening balance	-	139
Interest accrued	-	11
Conversion into convertible debenture units	-	(150)
	-	-

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

11. Convertible Loan

	Six months ended July 31, 2020	Year ended January 31, 2020
Opening balance	-	652
Fair value of conversion option allocated to liability	-	63
Gain on revaluation of derivative liability		(55)
Loss on settlement of debt	-	8
Accretion expense	-	96
Conversion into convertible debenture units	-	(764)
	-	-

12. Long-Term Loans

	Interest Rate	**Maturity**	**July 31, 2020**	January 31, 2020
Advance on convertible debenture	10% per annum	April 21, 2022	-	302
Canada Emergency Business Account	Interest-free	December 31, 2022	**40**	-

On April 21, 2020, the advance on convertible debenture plus accrued interest was converted into convertible debenture units (Note 13).

On April 29, 2020, the corporation received a government loan under the Canada Emergency Response Benefit, part of Canada's COVID-19 economic response plan. The loan bears no interest and has a maturity date of December 31, 2022.

13. Convertible Debentures

	Six months ended July 31, 2020	Year ended January 31, 2020
Opening balance	**1,726**	-
Additions	**758**	1,230
Fair value allocated to warrants	**(124)**	(140)
Fair value of conversion option allocated to equity	**(135)**	(385)
Accretion expense	**265**	107
Conversion of long-term loan	**302**	914
	2,792	**1,726**

Period ended July 31, 2020:

On April 21, 2020, the Corporation completed a non-brokered private placement for $1,060 worth of unsecured convertible debentures at a price of $1 (one thousand) per debenture, of which $328 was in exchange of employee remuneration which represented the totality of the staff and management remuneration for the first quarter of 2021. The debentures bear interest at a rate of 10% per annum with a maturity date of April 21, 2022. The debentures are convertible at a price per Class A common shares of $0.30, 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 Corporation at $0.50 per share two years from issuance. In the event that the average VWAP over any twenty (20) consecutive trading days is greater or equal to $1.00, the Corporation 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 Corporation's Class "A" Shares on a single day. Long term loans of $302 as at January 31, 2020 (Note 12) were converted on the closing of April 21, 2020.

The Corporation valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 27.5%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear as at April 21, 2020. The equity component consists of the warrants and the conversion option. The values attributed to each was based on the relative fair value approach. On initial recognition, the liability components were $801, the warrants were $124 and the conversion options were $135.

In connection with the issuance of convertible debenture units, 27,067 compensation warrants were issued. Each compensation warrant is exercisable into one common share of the Corporation at $0.50 per share 18 months from issuance. Accretion charges, included in financing expense on the statement of loss and comprehensive loss, attributable to the debentures for the six months ended July 31, 2020 was $265.

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

13. Convertible Debenture – *cont'd*

Year ended January 31, 2020

On October 8, 2019 and December 31, 2019, the Corporation issued unsecured convertible debenture units for a total principal amount of $2,144, including the conversion of the note payable, convertible loan and accrued interest thereon of $914. The convertible debentures mature on October 8, 2021 and December 31, 2021, respectively and bear interest at an annual rate of 10% per annum. The debentures are convertible at a price per Class A common shares of $0.30, 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 Corporation at $0.50 per share two years from issuance. In the event that the average VWAP over any twenty (20) consecutive trading days is greater or equal to $1.00, the Corporation 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 Corporation's Class "A" Shares on a single day.

The Corporation valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 27.5%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear as at October and December 2019. The equity component consists of the warrants and the conversion option. The values attributed to each was based on the relative fair value approach. On initial recognition, the liability components were $1,619, the warrants were $140, and the conversion options were $385.

Total finders' fee incurred on the issuance of the convertible debenture units consisted of $12 and 5,600 compensation warrants. Each compensation warrant is exercisable into one common share of the Corporation at $0.50 per share 18 months from issuance.

14. Share Capital and other equity instruments

(a) Share capital

The Authorized Share Capital is composed of

i. Unlimited number of Class "A" common shares, with 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, 2020	24,752,424	5,418
Exercise of stock options	215,000	100
Unit issue costs	-	(4)
Balance as at July 31, 2020	**24,967,424**	**5,514**

Based on the escrow agreement filed with the *Autorité des Marchés Financiers*, 1,726,363 shares are held in escrow and will be released from the Escrowed Securities on October 10, 2020.

(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 8 years.

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

14. Share Capital and other equity instruments – *cont'd*

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.

For the six months ended July 31, 2020 and 2019, the Corporation recorded compensation expense of $69 and $54, respectively, with corresponding credits to contributed surplus related to the issuance of stock options. The weighted average fair value of the options granted during the six months ended July 31, 2020, estimated by using the Black-Scholes option pricing model, was $0.36 (year ended January 31, 2020 – 0.36).

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

	Six months ended July 31, 2020		**Year ended January 31, 2020**	
	Number of Shares	**Weighted Average Exercise Price**	**Number of Shares**	**Weighted Average Exercise Price**
Options outstanding, beginning of year	**2,125,000**	**0.39**	2,225,000	0.44
Granted during the period	**395,000**	**0.36**	750,000	0.36
Options forfeited/expired	**(45,000)**	**0.10**	(75,000)	0.53
Options cancelled	**-**	**-**	(775,000)	0.50
Options exercised	**(215,000)**	**0.10**	-	-
Options outstanding, end of period	**2,260,000**	**0.37**	2,125,000	0.39
Options exercisable end of period	**1,311,250**	**0.44**	1,327,000	0.39

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 were outstanding as at July 31, 2020:

Options outstanding	**Options exercisable**	**Exercise price**	**Remaining contractual life**
650,000	625,000	$0.50	0.9 - 2.38 years
465,000	150,000	$0.50	3.13 years
750,000	437,500	$0.36	3.89 years
50,000	12,500	$0.40	4.83 years
100,000	25,000	$0.30	4.88 years
245,000	61,250	$0.37	4.98 years
2,260,000	**1,311,250**		

The fair values of the options were estimated using the Black-Scholes option pricing model, with the following assumptions:

Exercise price	**$0.30 - $0.50**
Risk-free rate	**0.35%-2.28%**
Volatility factor *(i)*	**74.72%-118.00%**
Expected life (years)	**5.0**

(i) Volatility was determined using the historical share price of the Corporation.

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

14. Share Capital and other equity instruments – *cont'd*

(c) Warrants

The following tables present the common shares issuable on exercise of full warrants issued during the current period:

	Number of Shares	Weighted Average Exercise Price
Balance as at January 31, 2020	7,306,100	0.58
Granted during the period	2,147,067	0.50
Balance as at July 31, 2020	**9,453,167**	**0.56**

As at July 31, 2020, the Corporation had outstanding warrants as follows:

Number of warrants	Exercise price	Fair value of warrants	Remaining contractual life
3,012,500	$0.70	$0.11 - $0.27	0.01 - 0.75 years
6,440,667	$0.50	$0.02 - $0.06	0.69 - 1.72 years
9,453,167			**1.08**

15. Supplemental Cash Flow Information

	Six months ended,	
	July 31, 2020	July 31, 2019
Net change in non-cash operating working capital items		
Sales tax receivable and prepaid expenses	**(4)**	48
Investment tax credits receivable	**142**	30
Accounts payable and accrued liabilities	**264**	312
Total	**402**	390
Non-cash transactions		
Settlement of long-term debt by issuance of convertible debentures	**302**	-

16. Research and Development Expenses

	Three months ended,		Six months ended,	
	July 31, 2020	July 31, 2019	**July 31, 2020**	July 31, 2019
Development costs	**184**	222	**546**	538
Patent costs	**14**	34	**31**	69
Depreciation – equipment	**4**	17	**21**	33
Amortization – intangible asset	**8**	8	**16**	16
Investment tax credit	**(15)**	(87)	**(54)**	(154)
Total	**195**	194	**560**	502

17. General and Administrative Expenses

	Three months ended,		Six months ended,	
	July 31, 2020	July 31, 2019	**July 31, 2020**	July 31, 2019
Consulting fees (i)	**127**	138	**264**	302
Consulting fee adjustments (ii)	**-**	-	**267**	-
Professional fees	**25**	24	**94**	61
Office and administrative	**29**	38	**58**	75
Severance paid to the former CEO	**-**	120	**-**	120
Depreciation – right of use asset	**5**	4	**10**	8
Total	**186**	361	**693**	566

(i) Consulting fees are paid to management in lieu of salary.
(ii) These fees were converted into convertible debenture units on April 21, 2020.

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

18. Financing Expense

	Three months ended,		Six months ended,	
	July 31, 2020	July 31, 2019	**July 31, 2020**	July 31, 2019
Interest expense	**-**	3	**17**	5
Interest on short-term loans	**46**	22	**89**	52
Interest on convertible debentures	**158**	-	**265**	-
Interest on convertible loan	**-**	35	**-**	68
(Gain)/loss on foreign exchange	**(4)**	-	**(4)**	-
Interest on leases	**1**	3	**2**	5
Total	**201**	63	**369**	130

19. Income Taxes

As at July 31, 2020, the Corporation had accumulated non-capital losses for income tax purposes, which are available to be applied against future taxable income.

	Federal	**Provincial**
	$	**$**
2036	663	657
2037	1,242	1,261
2038	865	607
2039	1,273	1,312
2040	1,311	1,391
	5,354	**5,228**

As at July 31, 2020, the Corporation had investment tax credits totalling $308 (2019 – $144), 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.

20. Financial Instruments

For the six months ended July 31, 2020 and year ended January 31, 2020, the Corporation had no financial instruments carried at fair value through profit and loss (“FVTPL”) or at fair value through other comprehensive income(“FVTOCI”).

As at July 31, 2020:	**Amortized cost**
Financial asset:	
Cash	**23**
Financial liabilities:	
Accounts payable and accrued liabilities	**1,286**
Investment tax credit loan	**434**
Lease liability	**31**
Long-term loans	**40**
Convertible debentures	**2,792**

As at January 31, 2020:	**Amortized cost**
Financial asset:	
Cash	302
Financial liabilities:	
Accounts payable and accrued liabilities	1,021
Investment tax credit loan	596
Lease liability	41
Long-term loans	302
Convertible debentures	1,726

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

20. Financial Instruments – *cont'd*

The Corporation categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observation of the inputs used in the measurement. 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 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.

21. 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 its 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 short-term debt and convertible debenture negotiated at a fixed rate.

(ii) Currency risk

The Corporation has cash and accounts payable and accrued liabilities denominated in U.S. dollars. 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:

	July 31, 2020		January 31, 2020	
	Foreign Currency	**CDN equivalent**	Foreign Currency	CDN equivalent
Cash – USD	4	5	-	1
Accounts payable and accrued liabilities – USD	152	203	56	74
Accounts payable and accrued liabilities – EUR	5	8	6	9
Accounts payable and accrued liabilities – AUD	1	1	-	-
Accounts payable and accrued liabilities – JPY	205	3	161	2

A plus or minus 5% variation in exchange rate, all else being held equal, would result in a foreign exchange gain or loss of $11.

(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 July 31, 2020		***Carrying value*** **$**	***Contractual cash flows*** **$**	***Less than 12 months*** **$**	***Greater than 12 months*** **$**
Financial liabilities					
Accounts payable and accrued liabilities		**1,286**	**1,286**	**1,286**	**-**
Investment tax credit loan	(i)	**434**	**470**	**470**	**-**
Long-term loans		**40**	**40**	**-**	**40**
Convertible debenture	(i)	**2,792**	**3,845**	**-**	**3,845**
		4,552	**5,641**	**1,756**	**3,885**

(i) Contractual cash flows include interest payments to be made at the contractual rate.

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

22. Financial Risk Factors – *cont'd*

As at January 31, 2020:		**Carrying value $**	**Contractual cash flows $**	**Less than 12 months $**	**Greater than 12 months $**
Financial liabilities					
Accounts payable and accrued liabilities		**1,021**	1,021	1,021	-
Investment tax credit loan	(i)	**596**	723	723	-
Long-term loans		**302**	302	-	302
Convertible debenture	(i)	**1,726**	2,573	-	2,573
		3,645	**4,619**	**1,744**	**2,875**

(i) Contractual cash flows include 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.

22. Related Party Transactions

The following table presents the related party transactions presented in the statement of loss:

	Three months ended		**Six months ended**	
	July 31, 2020	July 31, 2019	**July 31, 2020**	July 31, 2019
Transactions with key management and members of the Board of Directors:				
Share-based compensation to employees and directors	**42**	44	**60**	54
Consulting fees charged by a director, CEO and CFO	**55**	45	**308**	75
Termination benefits paid to a former CEO	**-**	120	**-**	120
Interest charged by Manitex, a shareholder of the Corporation	**49**	39	**96**	76
R&D expenses paid to École Polytechnique, a partner of Polyvalor	**73**	73	**147**	147

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

	July 31, 2020 $	January 31, 2020 $
Accounts payable and accrued liabilities due to a director, CEO and CFO	**146**	100
Accounts payable due to École Polytechnique, a partner of Polyvalor	**147**	74
Convertible debenture due to a director, CEO and CFO	**806**	516
Convertible debenture due to Manitex, a shareholder of the Corporation	**879**	783

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

23. Commitments

On June 19, 2015, the Corporation entered into three long-term research service agreements with École Polytechnique which states that when the Corporation's product is commercialized, it must make non-refundable payments to Polyvalor, a shareholder of the Corporation, equal to 1.5% of net sales. As part of these agreements, the Corporation is committed to pay quarterly instalments of $73.5 until the first quarter of 2022.

24. Subsequent Events

a) On August 6, 2020 – Ortho RTI announced that Ortho-R is designated as a Drug/Biologic combination product, by the FDA Office for Combination Products. The jurisdictional assignment for Ortho-R will be the Center for Biologics Evaluation and Research (CBER). Previously, on March 26th, 2020, the Corporation had submitted a pre-Request for Designation application to the FDA's Office for Combination Products to seek for guidance on designation status for Ortho-R product, a Chitosan-based matrix biopolymer mixed with Platelet Rich Plasma (PRP) to form an in-situ deliverable biologic implant to augment the repair of Rotator Cuff Tears after standard of care surgery. During the evaluation period, technical, scientific, and preclinical information was exchanged with the FDA, and multiple rounds of questions and clarifications were addressed. This substantial information demonstrated that Ortho-R has various physicochemical interacting actions on various cell types and other PRP components, therefore supporting a combination product with the Ortho-R reconstituted in PRP considered a Drug/Biologics that is delivered through accessory Devices.

b) On August 24, 2020 – Ortho RTI announced the closing of a non-brokered $2.5 million private placement of units (the "Private Placement" or "Unit Offering"). The Company issued 7,733,812 units (the "Units") at a purchase price of $0.32 per Unit for total gross proceeds of $2,475. Each Unit consists of one (1) class A share of the Company (a "Share") and one (1) Share purchase warrant of the Company (a "Warrant"). Each Warrant is exercisable into one (1) Share in the capital of the Company (a "Warrant Share") at the price of $0.50 per Warrant Share for a period of 36 months from closing. In the event that the daily VWAP over any twenty (20) consecutive trading days is greater or equal to $1.00, the Company may give notice to the Warrant holder, at any time after February 5 , 2021, that all remaining Warrants must be exercised within a period of 30days from the date of receipt of the notice, failing which the Warrants will automatically expire. The "VWAP" is the average of the volume weighted average market price of the Company's Common Shares on a single day. The Common Shares and the Warrants issued under the Private Placement are subject to a statutory 4-months hold period under the applicable securities laws and in such case the certificates evidencing the Shares and the Warrants will bear a legend to that effect, as applicable. The Company paid $51 in finder's fees in connection with the Private Placement. No broker or agent was involved in the transaction. The net proceeds of the Offering will be used to fund the following ongoing value creation activities: 1) Securing FDA's approval to start our US clinical trial on ORTHO-R for rotator cuff tear repair 2) Manufacturing GMP Clinical Trial batch for Ortho-R 3) Completing US clinical trial investigation sites selection, setting, and training 4) Starting US clinical trial patients enrolment activities 5) Secure US exchange listing for Ortho RTI's shares 6) General and administrative corporate purposes. Senior executives, including the Chief Executive Officer, two Directors, family members and 1 senior staff member participated in the Private Placement for an aggregate amount of $353.

c) On September 2, 2020 – Ortho RTI announced the closing of an additional $138 non-brokered private placement of units (the "Private Placement"). The additional Private Placement was conducted at the same terms and follows the closing of a non-brokered and oversubscribed $2.5 million private placement of units completed on August 21, 2020 bringing the overall gross proceeds raised through the two private placements to $2.6 million. The Company issued an additional 430,000 units (the "Units") at a purchase price of $0.32 per Unit for total gross proceeds of $138. Each Unit consists of one (1) class A share of the Company (a "Share") and one (1) Share purchase warrant of the Company (a "Warrant"). Each Warrant is exercisable into one (1) Share in the capital of the Company (a "Warrant Share") at the price of $0.50 per Warrant Share for a period of 36 months from closing. In the event that the daily VWAP over any twenty (20) consecutive trading days is greater or equal to $1.00, the Company may give notice to the Warrant holder, at any time after February 5 , 2021, that all remaining Warrants must be exercised within a period of 30-days from the date of receipt of the notice, failing which the Warrants will automatically expire. The "VWAP" is the average of the volume weighted average market price of the Company's Common Shares on a single day. The Common Shares and the Warrants issued under the Private Placement are subject to a statutory 4-months hold period under the applicable securities laws and in such case the certificates evidencing the Shares and the Warrants will bear a legend to that effect, as applicable. No broker or agent was involved in the transaction.