Financial Report

Third Quarter - Fiscal Year 2022

October 31, 2021

Ortho Regenerative Technologies Inc.

Management's Discussion and Analysis for the three and nine-month periods ended Oct 31, 2021
(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 "ORT") provides an overview of the Corporation's operations, performance and financial results for the third quarter of fiscal year 2022, ended on October 31, 2021, and compares those of the same period in the fiscal year 2021. This MD&A is the responsibility of management and has been reviewed by the Corporation's Audit Committee and approved by ORT's Board of Directors on December 21, 2021. 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, majority of which are independent. This document should be read in conjunction with the unaudited financial statements and notes thereto for the fiscal quarter ended on October 31, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all amounts are presented in thousands of Canadian dollars, except for share and per share amounts. Further information about ORT, including the Annual Information Form, is available online on SEDAR at www.sedar.com.

Going concern

This MD&A has been prepared on a going-concern basis, which implies that the Corporation will continue realizing its assets and discharging liabilities in the normal course of business for the foreseeable future. As reflected in the annual audited financial statements, the Corporation is still a clinical stage R&D company and has not yet achieved profitability. During the nine months ended on October 31, 2021, the Corporation incurred a net loss of $4,1 million and used cash in operations of $2.2 million. Considering the above, and the working capital deficit of $0.2 million as of October 31, 2021, the Corporation's performance raises significant doubt about its ability to continue as a going concern.

Accordingly, the ability of the Corporation to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to obtain additional financing and ultimately on generating future profitable operations. Management anticipates that the continued advancement of its lead Ortho-R program will facilitate securing additional funds from existing and new investors. There is no assurance that any fund-raising initiatives will be successful. Factors within and outside the Corporation's control could have a significant bearing on its ability to obtain additional financing. The financial statements as at and for the quarter and year-to-date period ended October 31, 2021, do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern.

Covid-19 pandemic

The 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, and is still adversely affecting the global economy despite the efforts by local governments to vaccinate their populations and reduce the economic adverse effects of COVID-19. In response, many countries have required entities to limit or suspend business operations and implemented travel restrictions and quarantine measures. Some non-essential activities were canceled or delayed due to COVID-19. 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 effect on the Corporation's clinical development phases, 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 its financial statements. Management believes that the progress made in the US in fighting the pandemic will trigger an acceleration of the elective orthopedic surgeries which have been subject to delays over the last year. Elective surgeries levels are key to ensure enrollment in our US Phase I/II clinical trial on rotator cuff tear repair.

Non-IFRS Financial Measures

This MD&A refers to certain non-IFRS measures. Management uses these non-IFRS financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the results of ongoing operations and in analyzing our business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use a non-IFRS measure, "EBITDA Loss", to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. EBITDA Loss is defined as net loss before (i) provision for (recovery of) income taxes; (ii) interest (income) expense and other financing costs; (iii) depreciation; and (iv) amortization of intangible assets.

Cautionary note regarding forward-looking statements

This MD&A may contain some forward-looking information as defined under applicable Canadian securities laws. Forward looking information can generally be identified using forward-looking terminology such as "may", "anticipate", "expect", "intend", "estimate", "continue" or similar terminology. Forward looking information is subject to various known and unknown risks and uncertainties, many of

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which are beyond the ability of the Corporation to control or predict, that may cause the Corporation's actual results or performance to be materially different from actual results and are developed based on assumptions about such risks and other factors set out herein.

GLOSSARY TERMS

Calendar & Financial

CDU	Convertible Debenture Units
EBITDA (L)	EBITDA Loss
FV	Fair Value
FY	Fiscal Year
G&A	General and Administrative
IR	Investors Relations
ITC	Investment tax credits
NCDUs	Non-Convertible Debenture Units
Q3-22	Third quarter FY-22
Q2-22	Second quarter FY-22
Q1-22	First quarter FY-22
Q4-21	Fourth quarter FY-21
Q3-21	Third quarter FY-21
Q2-21	Second quarter FY-21
Q1-21	First quarter FY-21
Q4-20	Fourth quarter FY-20
SR&ED	Scientific Research and Experimental Development Expenses
R&D	Research and Development
YTD	Year to date
YE	Year-end
W/C	Working Capital, defined as short-term assets less short-term liabilities

Corporate & Operations

API	Active Pharmaceutical Ingredient
CMC	Chemistry Manufacturing and Controls
cGMP	current Good Manufacturing Practice
CMO	Contract Manufacturing Organization
CSE	Canadian Securities Exchange
FDA	US Food and Drug Administration
IND	Investigational New Drug application with the FDA
MCRA	MCRA, LLC, a US based orthopedic specialty CRO
MRI	Magnetic Resonance Imaging
MTA	Material Transfer Agreement
ORT	Ortho Regenerative Technologies Inc.
ORTHO-C	Proprietary biopolymer for Articular Cartilage repair
ORTHO-M	Proprietary biopolymer for Proprietary Biopolymer for Meniscus repair
ORTHO-R	Proprietary biopolymer for Rotator cuff repair
ORTHO-V	Proprietary biopolymer for Osteoarthritis healing
OTCQB	US over-the-counter venture trading market
Polytechnique	Ecole Polytechnique de Montreal
PRP	Platelet-rich plasma
Pre-RFD	Pre-Request for Designation

OVERVIEW OF THE BUSINESS AND BUSINESS STRATEGY

ORT 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*", as well as on the United States OTCQB market under the symbol "ORTIF".

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 by senior researchers at the Biomaterials and Cartilage Laboratory and are still actively involved in the day-to-day development of ORT's pipeline.

ORT is the owner of 4 patent families. Our patent portfolio includes the following:

- 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.
- Patent Family No.2: Novel formulation of physiological biopolymer-inorganic salt solution/blood mixtures for tissue repair. *This patent family was abandoned on November 9, 2019*. The company's Freeze-Dried platform patents (family 3-4, covers all applications found in the Patent Family No.2 plus many other claims, such as faster coagulation onset time, easier use for the clinicians and a much longer commercially viable shelf life.
- 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.
- 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.

Development Pipeline

ORT's lead program is ORTHO-R, a Drug-PRP Biologic Implant, specifically designed to guide and accelerate the repair of various musculoskeletal conditions. The Corporation is aiming to assess the clinical safety and efficacy of Ortho-R, initially for Rotator Cuff repair. Ortho-R can also be used to accelerate the healing of other soft tissues such as ligaments and meniscus (see Ortho-M).

ORT's pipeline includes four active R&D projects:

Program	Development Stage	Indication	Details
ORTHO-R	Clinical Phase I/II	Rotator Cuff	Ortho-R is designated as a Drug/Biologic combination product by the FDA Office for Combination Products. The jurisdictional assignment for ORTHO-R is the Center for Biologics Evaluation and Research (CBER). A US IND has been filed on April 6th, 2021, with the FDA to obtain approval to initiate a 78 patient Phase I/II clinical trial to test Ortho-R in the repair of rotator cuff tears as an adjunct to standard of care surgery, versus standard of care surgery alone. (See "*Regulatory and Clinical update – Ortho-R for Rotator Cuff Repair*" section below for details of our ongoing interaction with FDA related to our IND application). After clearance of our IND by the FDA and clinical site's Ethical Review Board's approval, enrollment will start at clinical sites. Eight clinical sites have already been qualified, budget negotiations have started and 4 more are undergoing the same processes, with the goal to secure 10 sites total. Patient enrollment is expected to start within 4-6 weeks of our IND approval by the FDA, and to be completed 6 to 8 months after, depending on sites' enrolment rate. (See "Subsequent Events")
ORTHO-M	Pre-Clinical	Meniscus	Testing the efficacy of ORTHO-M/PRP Drug-Biologic Implant formulation, for meniscus repair. Efficacy of our product has already been demonstrated in a animal proof of concept study. Our contracted research veterinarian expert, with the help of a major arthroscopic instrumentation company, have recently completed the development of surgical instruments tools, suitable to the sheep preclinical model. The next steps are to validate our model in large animal pilot and pivotal studies, starting in FY-23. Human clinical trials would then follow.
ORTHO-C	Pre-Clinical	Cartilage repair	Testing our freeze-dried matrix with ultra-high porosity designed to augment bone marrow stimulation procedures for articular cartilage repair, including microfracture and drilling. Efficacy of our product has already been demonstrated in a preclinical pilot study.
ORTHO-V	Feasibility	Osteoarthritis	Feasibility research on a freeze-dried biopolymer formulation combined with autologous biologics, tailored for intra-articular injections to provide the combined visco-biologics 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, ORT 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 patent-protected freeze-dried formulation of a biopolymer, a lyoprotectant and a clot activator. ORTHO-R is solubilized in platelet-rich plasma ("PRP") to form an injectable drug-biologics FDA designated bioactive implant that coagulate after implantation. Extensive in vitro testing has allowed the Corporation to identify specific formulations that meet the following 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 soft tissue-adherent Drug-Biologics hybrid implants;
(iv) biopolymer-PRP biologics 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 as an adjunct to standard of care suturing techniques produced promising histological findings in small and large animal models, which is expected to translate to faster and superior rotator cuff repair in 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.

Preclinical:

In Q3-21, we have successfully completed the preclinical pivotal study's safety and clinical histology analysis, statistical analysis and final report. The study's final report confirmed the safety of Ortho-R as well as the evidence that our biologics hybrid implant delivered as an adjunct to standard of care surgery, improves tendon, tendon insertion site and overall repair in Rotator Cuff Tear repair compared to standard of care surgery alone. https://www.orthorti.com/cms_files/phpfQwJvt.pdf

Manufacturing & CMC:

Our cGMP clinical lot production has been successfully completed earlier in FY-22 and such material will be used in our upcoming Phase I/II human clinical trial for testing ORTHO-R in rotator cuff tear repair. The manufacturing batch will also provide sufficient material to support our Meniscus tear repair preclinical program, expected to be initiated in FY-23 shortly after the commencement of our Phase I/II Rotator cuff repair trial.

Regulatory & Clinical:

During FY-21, we received from the US FDA Office of Combination Products, the ORTHO-R product designation as a Drug/Biologics combination product. ORTHO-R has physicochemical interacting actions on various cell types and other PRP components, therefore supporting a Drug/Biologic combination product. The ORTHO-R reconstituted in PRP Drug/biologic implant is delivered through accessory Devices. The product's jurisdictional assignment is to the FDA's Center for Biologics Evaluation and Research (CBER). There are multiple merits of a Drug/Biologics therapeutic combination product. One of them is the ability to have a multiple mode of action label, related to the various interactions between our proprietary biopolymer and PRP, which may justify the scientific rationale behind the product's therapeutic effect.

The following summarizes our interaction with the FDA with respect to the filing and ongoing review of the ORTHO-R Investigational New Drug (IND) application:

- Our Investigational New Drug (IND) application to the FDA was submitted on April 6, 2021.
- On June 4, 2021, the Corporation received a clinical hold letter from the FDA relating to its IND application. FDA requested five additional clarification and requests, related to Chemistry, Manufacturing, and Control ("CMC").
- On July 19, 2021, The Corporation provided a formal response to the FDA's clinical hold letter, to address the requested CMC-related data and characterization information.
- On August 17, 2021, The Company received, a "Second Clinical Hold" letter from the FDA. In our July response, the three most complex addressed issues were accepted by the FDA. The second FDA Clinical Hold letter referred to further clarification on CMC Elemental impurity testing method and a request to use a different testing method for small molecule impurity testing.
- The Company worked with its U.S. CMC testing experts on the new FDA requests related to advanced methods of elemental and small-molecule impurities characterization testing used in the CMC processes. On September 2, 2021, The Company responded to the Second Clinical Hold letter first request, by submitting additional clarification on elemental impurities identification and quantification testing methods to the FDA. The Company addressed the second request, by accepting the FDA's recommendation to use GC-LC-MS for small molecule impurities testing instead of HCLP-PAD used by our CMC manufacturer and final satisfaction of the FDA.
- Concurrently as a proactive step, the Company has requested a type A meeting with the FDA, should the FDA still request further clarification on the proposed elemental impurities testing method. This meeting would involve the participation of our U.S. CMC testing experts that use the same IPC-MS testing method for their other Biopharma industry clients for drugs and biologics when submitting INDs to the FDA.
- On October 1, 2021, the Company received a letter from the FDA related to the two final pending CMC elements for which more information was required, in which the FDA cleared the small-molecule impurity testing issue, with Ortho committing to using a GC-LC-MS testing method.
- On October 5, 2021, the Company had a successful type A meeting with the FDA regarding the last pending topic, which was related to elemental impurity testing method. The FDA requested the use of standard reference material and provided a list of certified standards to consider. The Company reached a mutual agreement with the FDA during the Type-A meeting and committed to performing the requested recovery study using one of the suggested standard reference materials.

While waiting for our IND clearance (granted by the FDA on December 10, 2021 - See "Subsequent Events"), we continued working on our Phase I/II clinical trial preparation activities to ensure we minimize the impact on our overall timelines. Current activities focus mainly on surgery and study protocol, patients' assessment EDC system, MRI procedure protocol and systems qualification and clinical sites considerations and qualifications.

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So far, eight sites have already been qualified, budget negotiation have started, and Clinical Review Board (CRB) applications have started to be submitted. Four other U.S. sites are still being qualified, with the goal to reach 10 clinical sites to participate in our Rotator Cuff Tear repair clinical trial.

Following clearance of our IND application by the FDA (See "Subsequent Events") patients' screening and enrollment would be expected to start within 4 to 6 weeks after Clinical Review Boards (CRB) approvals from the various U.S. clinical testing centers involved in our Phase I/II study.

Over the past quarters, the Corporation has tried to mitigate the impact of the COVID-19 pandemic as much as possible. We believe that the significant progress made in the US fighting the pandemic will favor a substantial increase in elective rotator cuff repair surgeries across the United States in 2021 and 2022 compared to 2020. We feel this may help the investigational sites, in their patient's screening, recruitment and inclusion selection process, to participate in our U.S. Phase I/II clinical trial.

The following tables presents a summary of the past and projected milestones based on calendar quarters/years for the 2019-2023 period, including progress as compared to prior MD&A reporting:

PROGRAMS	Calendar Year 2021-2023	2021	Q1-22	Q2-22	Q3-22	Q4-22	H1-23	H2-23	
ROTATOR CUFF REPAIR PROGRAM (Ortho-R)	US Phase I/II Clinical trial								
	IND approval	☑							Granted
	Pre-enrollment activities								
	CRO Selection	☑							Completed
	Protocol	☑							Completed
	Lead Investigator selection	☑							Completed
	Study sites selection	☑							Completed
	Clinical sites qualification	☑							Completed
	Patient Enrollment								
	Patient enrollment		➔		■				
	12-mth patient follow up			➔				■	
	Study results							■	
MENISCUS REPAIR PROGRAM (Ortho-M)	Pre-clinical studies								
	Development of surgery procedures (animal)		■						
	Pre-clinical Pilot study sheep			➔		■			
	Pre-clinical Pivot study sheep					➔		■	
	IND filing							➔	

➔ Initiation
■ Current Target Completion
□ previous target last quarter
☑ Completed

Third quarter 2022 CORPORATE HIGHLIGHTS

ORTHO-R Program

- On August 20, 2021, the Corporation announced that the U.S. Food and Drug Administration ("FDA") had extended the clinical hold on the Company's Investigational New Drug ("IND") application to proceed with the initiation of a U.S. Phase I/II clinical trial of ORTHO-R in rotator cuff tear repair.
- On October 5, 2021, the Corporation held a successful Type A meeting with the U.S. Food and Drug Administration ("FDA") to discuss final requirements to clear the clinical hold clinical hold on the Company's IND application for the initiation of its ORTHO-R Phase I/II clinical trial. The Company reached a mutual agreement with the FDA during the Type-A meeting and committed to performing the requested recovery study using one of the suggested standard reference materials.

Financing and Other Corporate Highlights

- On September 21, 2021, the Corporation extended its ongoing collaborative research agreement with Ecole Polytechnique until May 2022. Financial commitments under the extension total $590 including $446 due over the next twelve month. The Corporation previously entered into an initial research service agreements with École Polytechnique on June 19, 2015 (the "Initial Poly Agreement"), which stipulated that when the Corporation's products are commercialized, it must make non-refundable payments to Polyvalor, a shareholder of the Corporation, equal to 1.5% of net sales. In 2018, the term of the Initial Poly Agreement was extended a first time up to May 15, 2021.

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

Subsequent Events

- On November 12, 2021, the Corporation filed its response and the remaining information and data requested during the Type A meeting held with the FDA on October 4, 2021.
- On December 10, 2021, the Corporation was informed by the FDA that the clinical hold on its U.S. Investigational New Drug ("IND") application had been lifted and that the Corporation was cleared to proceed with its Phase I/II U.S clinical trial to evaluate the safety and efficacy of ORTHO-R as an adjunct treatment to standard of care surgery in rotator cuff tear repair. The Phase I/II clinical trial will enroll 78 patients at ten clinical sites throughout the U.S. The ORTHO-R Phase I/II study is a prospective, randomized, controlled, and blinded clinical trial.
- On December 13, 2021, the Company closed a private placement and issued 1,075 Note Units at a price of $975 per Note Unit for total gross proceeds of $1.05 million. Each Note Unit consisted of one (1) unsecured convertible note of the Company in the principal amount of $1,000 (each a "Note") and 1,000 Class "A" share purchase warrants (each a "Warrant"). The Notes bear interest at a rate of 10% per annum from the date of issue, payable in cash, semi-annually in arrears and will mature (the "Maturity Date") on the earlier of (i) 12 months following the closing date of the Private Placement, or (ii) 20 days following the closing of a capital raise in the form of an equity or debt financing of at least $5 Million (the "Capital Raise"). Any unpaid interest payments will accrue and be added to the principal amount of the Notes. Should the Company complete a Capital Raise prior to the Maturity Date, the holder of a Note will have the option, but not the obligation, to convert the outstanding value of the Note and any accrued and unpaid Interest thereon, into the equity securities and/or debt instrument to be issued pursuant to the Capital Raise, at the same terms and conditions. Each Warrant will entitle the holder thereof to purchase one Class A Share (each, a "Share") at an exercise price of $0.50 at any time up to 24 months following December 13, 2021. The Notes and the Warrants are subject to a statutory hold period. The Company has paid $21 in commissions and issued 21700 finders' warrants in connection with the Capital Raise.

SELECTED FINANCIAL DATA

The following table sets forth financial information relating to the periods indicated and should be read in conjunction with the October 31, 2021 unaudited quarterly financial statements.

Statements of Loss

	Q3-22	Q3-21	*Change*		**YTD-22**	YTD-21	*Change*	
	$	$	*$[1]*	*%[2]*	**$**	$	*$[1]*	*%[2]*
Expenses								
R&D	**591**	191	*400*	*209%*	**1,134**	751	*383*	*51%*
G&A	**357**	342	*15*	*4%*	**1,162**	1,035	*127*	*12%*
Share-based compensation	**43**	101	*(58)*	*-57%*	**170**	170	*-*	*0%*
Financial	**266**	179	*87*	*49%*	**937**	548	*389*	*71%*
FV adjustment of embedded derivative	**666**	-	*666*	*100%*	**666**	-	*666*	*100%*
Net Loss and Comprehensive loss	**1,923**	813	*1,110*	*137%*	**4,069**	2,504	*1,565*	*63%*
Loss per share								
Weighted average number of shares outstanding	**34,855,186**	31,025,327	*3,829,859*	*12%*	**34,881,608**	26,852,952	*8,028,656*	*30%*
Basic and diluted loss per share	**0.06**	0.03	*0.03*	*111%*	**0.12**	0.09	*0.02*	*25%*

EBITDA Loss Reconciliation (See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")
The following table provides a reconciliation of net loss to EBITDA Loss for Q3-22 as compared to Q3-21.

	Q3-22	Q3-21	*Change*		**YTD-22**	YTD-21	*Change*	
	$	$	*$[1]*	*%[2]*	**$**	$	*$[1]*	*%[2]*
Net loss	**1,923**	813	1,110	137%	**4,069**	2,504	1,565	63%
Add (deduct)								
Financial Expense	**266**	179	87	49%	**937**	548	389	71%
FV adjustment of embedded derivative	**666**	-	666	100%	**666**	-	666	100%
Depreciation	**10**	15	(5)	-33%	**27**	46	(19)	-41%
Amortization	**8**	8	-	0%	**24**	24	-	0%
EBITDA Loss	**973**	611	362	59%	**2,415**	1,886	529	28%

1. A positive variance represents a negative impact to net loss and a negative variance represents a positive impact to net loss
2. Percentage change is presented in relative values

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The following commentaries provides a discussion and analysis of our results.

	Q3-22 vs Q3-21	YTD-22 vs YTD-21
Revenues	• ORT is a clinical stage company. There were no revenues generated during each of Q3-22 and Q3-21.	
R&D Expenses	• R&D expenses include internal and external expenses. Internal expenses represent mostly salaries and consulting fees for our staff. External expenses include development costs related to our Collaborative R&D contract with Polytechnique as well as specific manufacturing, regulatory, pre-clinical and clinical work to advance our pipeline. • R&D expenses are presented net of R&D tax credits (ITCs) recoverable from the provincial government for Scientific Research and Experimental Development (SR&ED) programs and presented net of government grants which are recognized in reduction of R&D costs and amortized over the term of the project for which the grant was secured.	
	• Net R&D expenses between Q3-21 and Q3-22 have increased by 209% at $0.6 million compared to $0.2 million. The R&D spending has increased during the quarter despite the delays in securing the US-IND for our Rotator Cuff repair program. The R&D spending relates to pre-enrollment clinical trial costs including clinical sites qualification and training, as well as several other pre-enrolment activities aimed at accelerating patient enrollment after securing the IND.	• Net R&D expenses for the YTD-22 have increased by 51% over YTD-21 at $1.1 million compared to $0.8 million. The R&D spending has increased during the YTD period as the Company completed CMC, Regulatory and pre-enrollment activities for its Ortho-R Phase I/II trial compared to mainly CMC activities during the YTD-21 period.
G&A expenses	• G&A expenses include salaries and consulting fees paid to non-R&D staff, professional fees, conferences, travel expenses, as well as investors relation activities.	
	• G&A spending in Q3-22 was $0.4 million compared to $0.3 million for the Q3-21 period representing a nominal 4% variance.	• G&A spending for YTD-22 was $1.2 million compared to $1.0 million for the YTD-21 period. The increase in G&A expense was due to an increase in IR spending compared to the prior year period.
Share-based compensation (SBC)	• Represents the expense related to issuing stock options to staff, consultants and board members. Variances for the comparative quarters include non-recurrent grant to a new Board member as well contractual vesting for members of management on options already outstanding.	
Financial expenses	• Over the last year, the Corporation financed its operations via the issuance of interest-bearing instruments such as CDUs, NCDUs and ITC loans as opposed to equity. While such financial instruments do not lead to an immediate dilution in the total number of shares outstanding in the short term, they lead to increased interest charges. • Between October 2020 and April 2021, the Corporation has completed three (3) CDU financings totalling $3.2 million. The 3 CDUs are still outstanding and will mature on May 1, 2023 unless converted prior to maturity. • Finally, the Corporation secured a $3.0 million non-convertible debenture in November 2020. All these transactions have impacted the financial expenses.	
	• Financial expenses have increased in Q3-22 compared to Q3-21 at $0.3 compared to $0.2 representing a 49% increase. The increase is due to the $3.0 million NCDU financing secured in Q4-21.	• YTD financial expenses totaled $0.9 million for the YTD-22 period compared to $0.5 million for YTD-21. • The increase is due to the new $3.0 million NCDU financing secured in Q4-21 partly offset by ITC loans reimbursed from the proceeds of the same financing.
Fair Value of Embedded Derivative	• On July 19, 2021, the Corporation announced the amendment of three series of CDUs to extend their respective maturity dates. (See "Balance Sheet Highlights" for more details). • An Embedded derivative was created following the amendment of the CDUs. • Starting Q3-22, any change in the Fair Value of the Conversion Option of the CDUs ("FVCO") will be recorded as a financial expense.	
	• The increase in share price during the quarter has led to an increase in the FVCO representing $0.7 million. There was no embedded derivative as at Q3-21.	
Net Loss for the period.	• Net loss increased by 137% between Q3-21 and Q3-22 at $1.9 million compared to $0.8 million. The increase in net loss is due to the increase in R&D	• Same as for the QoQ periods, net loss for the YTD-22 period has increased over YTD-21 due to the increase in R&D activities as well as financial expenses and the impact of the FVCO.

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

	activities as well as financial expenses and the impact of the FVCO.	
EBITDA (L)	• Management believes that our EBITDA (L) performance is more indicative of our operating results as it eliminates the financial costs associated with our financial structure such as CDUs and NCDA financings, and ITC financings (up until Q4-21) as well as depreciation and the amortization of intangible assets.	
	• After eliminating the impact of the financial expenses, FVCO, as well as depreciation, and amortization our EBITDA loss during Q3-22 was $1.0 million up 59% compared to $0.6 million for Q3-21.	• EBITDA loss for the YTD-22 period was $2.4 million compared to $1.9 million for the YTD-21 representing a 28% increase.

Selected 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 unaudited financial statements for quarter ended October 31, 2021.

As at,	**31-Oct-21**	31-Jan-21	*Change*	
	$	$	*$[1]*	*%[2]*
Cash	**210**	2,379	*(2,169)*	*-91%*
Prepaids and deposits	**217**	258	*(41)*	*-16%*
Intangible Assets	**340**	364	*(24)*	*-7%*
Total assets	**962**	3,277	*(2,315)*	*-71%*
Trade accounts payable and accrued liabilities	**609**	291	*318*	*109%*
Convertible Debentures - Short term	**-**	1,848	*(1,848)*	*-100%*
Convertible Debentures - Long term	**2,326**	628	*1,698*	*270%*
Embedded derivative	**1,860**	-	*1,860*	*100%*
Non-Convertible Debentures	**2,280**	2,099	*181*	*9%*
Total liabilities	**7,281**	5,078	*2,203*	*43%*
Common shares	**7,891**	7,706	*185*	*2%*
Warrants	**1,989**	2,080	*(91)*	*-4%*
Equity Components of convertible debentures	**-**	469	*(469)*	*-100%*
Contributed surplus	**1,876**	1,605	*271*	*17%*
Deficit	**(18,075)**	(13,661)	*(4,414)*	*32%*

1. A positive variance represents a positive impact to our balance sheet and a negative variance represents a negative impact to our balance sheet.
2. Percentage change is presented in relative values

Selected items	**Q3-22 vs YE-21**
Cash	• Cash at the end of Q3-22 was $0.2 million compared to $2.4 million at the end of FY-21. During the YTD-22 period, our liquidities have been used to fund operations and have reduced by $1.5 million. See subsequent events for details regarding additional financings.
Prepaids and deposits	• Prepaids and deposits have decreased by 16% between YE-21 and the end of Q3-22 at $0.2 million compared to $0.3 million.
Intangible Asset	• Intangible assets reflect the net book value of our patents and biopolymer technology acquired from Polyvalor. The nominal reduction between YE-21 and Q3-22 results from amortization charges which were not offset by new investments.
Total assets	• The decrease in cash during YTD-22 led to a 71% decrease in our total assets as at the end of Q3-22 as compared to the end of FY-21.
Trade payables and accrued liabilities	• Trade accounts payables and accrued liabilities have increased by 109% since the start of the FY-22 and reflecting the increase in R&D spending.
Convertible debentures units (CDU)	• Between October 2019 and April 2020, the Corporation issued $3.2 million worth of CDUs to fund its operations. • At the end of FY-21, the short- and long-term portion of CDUs amounted to $2.5 million, compared to $2.3 million at the end of Q3-22. • On July 19, 2021, the Corporation announced the amendment of three series of CDUs to extend their respective maturity dates. The original maturity dates of the 10% CDUs and share purchase warrants were extended from 24 months after their respective dates of issuance to May 1, 2023. In addition to the extension, the terms of the CDUs were amended to introduce an anti-dilution clause should the Corporation issue shares below the initial conversion price of the debentures prior to their maturity. Finally, the maturity date of the new CDUs may be

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

	accelerated should the Corporation raise a minimum of $10 million cumulative financing before their conversion/maturity. • As a result of amending the terms of the CDU described above, the Corporation determined that the conversion option of the CDUs had to be considered as an embedded derivative and be classified as a liability instrument. Therefore, the Corporation derecognized the $0.5 million carrying amount of the conversion option initially classified as an equity component and recorded the fair value of $1.2 million as a liability. (See "Embedded Derivative" below) • Also, as a result of this amendment, and considering all CDUs are now presented as long-term liabilities, our working capital improved by $1.8 million.
Embedded Derivative	• The Embedded derivative was created following the amendment of the CDU described above. • Going forward, any change in the Fair Value of the Conversion Option of the CDUs ("FVCO") will be recorded as a financial expense in the statements of loss, as a gain or loss on embedded derivative related to convertible debentures. • Changes to the FVCO will take place based on the following 3 scenarios: 1) reduction of the FVCO following quarterly re-evaluation of the FVCO; 2) exercise of the conversion option by the holder; and 3) repayment or maturity. • During Q3-22, the FVCO increased by $0.7 million thus increasing the net value of the embedded derivative of the CDU to $1.9 million.
Non-convertible Debentures (NCDU)	• During Q4-21 the Corporation secured a $3.0 million NCDU financing that enabled the repayment of ITC loans and increased the Corporation's liquidities. The increase of $0.2 million between YE-21 and Q3-22 represents accretion expense for the YTD-22 period.
Total Liabilities	• Total liabilities have increased by $2.2 million between YE-21 and Q3-22 mainly as a result of the impact of the CDU extension which led to the creation of a $1.9 million embedded derivative. The balance of the difference is mainly due to the $0.3 million increase in trade payables.
Common Shares	• Common shares have increased by $0.2 million during YTD-22 due to the conversions of some CDUs for $0.1 million as well as $0.1 million from the exercise of warrants.
Warrants	• Warrants decreased by $0.1 million following the exercised of some warrants during YTD-22.
Equity component of CDUs	• The equity component of the convertible debentures represented the fair value of the conversion features of these CDUs. The equity component was eliminated following the amendment of the CDUs and replaced by the embedded derivative classified as long-term liability. (See CDUs above)
Contributed Surplus	• The $0.3 million increase relates to net impact for stock options issued during the YTD period.
Deficit	• Increase reflects the performance of the Corporation for the YTD-22 period. (See "Statement of Loss" commentaries)

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets out the Corporation's selected unaudited quarterly financial information for the eight quarters ended October 31, 2021. 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.

	Q3-22	Q2-22	Q1-22	Q4-21	**Q3-21**	Q2-21	Q1-21	Q4-20
R&D Expenses	**591**	141	402	390	**191**	195	365	142
G&A expenses	**357**	367	438	472	**342**	186	507	136
Share-based compensation	**43**	64	63	112	**101**	49	20	74
Financial expenses	**266**	332	338	294	**179**	201	168	125
FV adjustment of embedded derivative	**666**	-	-	-	**-**	-	-	-
Loss per share (Basic and diluted):	**0.06**	0.03	0.04	0.03	**0.07**	0.04	0.02	0.03
EBITDA Loss	**1,923**	904	1,241	1,268	**813**	631	1,060	477

(See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

Notes	**Valuable information**
R&D expenses (Net of ITCs and Grants)	• Net R&D expenses represent gross R&D expenses less ITC provisions related to these costs as well as the amortization of grants specific to ongoing R&D programs. • During Q3-22, Net R&D expenses increased by 319% compared to the prior Q2-22 quarter mainly due to the acceleration of spending related to the Ortho-R Phase I/II clinical trial.

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

	• R&D activities picked up late last year as the Corporation completed its CMC batch manufacturing and other IND related activities. • We expect R&D expenses to increase to support the projected Phase I/II clinical trial for Rotator cuff repair.
G&A expenses	• G&A expenses consist primarily of salaries or consulting fees for non-scientific management and staff, professional fees for audit and tax related matters, in-house counsel, insurance, and fees paid to IR firms. • G&A expenses have fluctuated from quarter to quarter. • There has been nominal variation in G&A expenses over teh last year except for IR spending which fluctuates for quarter to quarter. • The Q1-21 amount includes a non-recurring $0.3 million salary adjustment paid to senior management for having agreed to receive non-cash remuneration between July 2019 and April 2020. • Other expenses, such as rent, insurance, and office expenses, have been relatively stable and had no significant impact on the overall spending.
Share-Based Compensation	• Share-based compensation are costs for the issuance of stock options to senior management, staff, board of directors, scientific advisory board and consultants working for the Corporation. • Share-based compensation fluctuates as a results of staff changes, and due to the timing of expense recognition associated with the vesting of the options issued.
Financial expenses	• Financial expenses are costs associated with the CDUs, NCDUs, ITC loans, term loan and notes payable. • The increase in financial expenses over the recent quarters results from the CDUs and NCDUs financings closed over the last 2 years. • Interest charges on the CDUs may go down over time as CDU holders opt to convert their debenture prior to maturity. • Financial expenses have increased since Q4-21 after the NCDU financing closed on November 30, 2020. • ITC loans have been repaid in Q4-21 and will no longer impact our financial expenses going forward.
FV adjustment of embedded derivative	• On July 19, 2021, the Corporation announced the amendment of three series of CDUs to extend their respective maturity dates. (See "Balance Sheet Highlights" for more details). • An Embedded derivative was created following the amendment of the CDU. Starting Q3-22, any change in the Fair Value of the Conversion Option of the CDUs ("FVCO") will be recorded as a financial expense. • The increase in share price during the quarter has led to an increase in the FVCO representing $0.7 million. There was no embedded derivative as at Q3-21.
Net loss	• ORT's net loss is mainly driven by the level of R&D spending made to advance its R&D programs (Ortho-R, Ortho-M, and Ortho-C) as well as the financial expenses related to its capital structure and also the impact of the FVCO.
EBITDA (Loss)	• EBITDA (Loss) (See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures") eliminates the impact of the CDU, NCDU, ITC and other financings which reflect the Corporation's financing strategy adopted to attract the required capital to fund its operations. • After eliminating such expenses, the EBITDA (Loss) has fluctuated with the level of G&A and R&D expenses. The EBITDA loss has increased by 113% over the prior Q2-22 quarter due to the increase in R&D spending related to the upcoming Phase I/II Ortho-R Rotator Cuff trial.

LIQUIDITIES AND CAPITAL RESSOURCES

			Change	
For the 9-month periods ended on,	**2021-10-31**	2020-10-31	*$[1]*	*%[2]*
Operating activities:				
Net loss from operations	**(4,069)**	(2,504)	*(1,565)*	*63%*
Other items not affecting cash	**1,423**	1,226	*197*	*16%*
Changes in non-cash working capital	**411**	(714)	*1,125*	*-158%*
Cash used in operations	**(2,235)**	(1,992)	*(243)*	*12%*
Investing activities:				
Cash used in investing activities	**(33)**	(2)	*(31)*	*100%*
Financing activities:				
Cash provided by financing activities	**134**	2,501	*(2,367)*	*-95%*
Effect of foreign exchange on cash	**(36)**	-	*(36)*	*100%*
(Decrease) increase in cash	**(2,170)**	507	*(2,677)*	*-528%*
Cash, beginning of period	**2,379**	302	*2,077*	*688%*
Cash, end of period	**210**	809	*(600)*	*-74%*

1. A positive variance represents a positive impact to cash flows and a negative variance represents a negative impact to cash flows
2. Percentage change is presented in relative values

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

	Q3-22 vs Q3-21
Cash used in operations	• Cash used in operations represents the cash flows from operations, excluding income and expenses not affecting cash plus changes in non-cash working capital items.
	• Cash used in operations has increased by 12% at $2.2 million for the YTD-22 period as compared to $2.0 million for YTD-21 period. The $0.2 million increase results from a $1.6 million increase in net loss, a $0.2 million increase in items not affecting cash, but more importantly a $1.1 million positive impact from changes in non-cash working capital.
Cash used in investing activities	• The Corporation used $33 to acquire equipment during YTD-22 compared to nil for YTD-21. The equipment will be used by the clinical trial centers to perform work required as per our Clinical trial protocol for the upcoming Ortho-R Phase I/II trial.
Cash provided by financing activities	• Financing activities contributed $0.1 million during YTD-22 period including government grant to support R&D work, as well as $0.1 million from the exercise of warrants. This compares to $2.5 million for YTD-21 which included $2.4 million proceeds from a unit offering.
Cash, End of the period	• The Corporation ended Q3-22 with $0.2 million of cash compared to $0.8 million at the end of Q3-21 representing a $0.6 million decrease. (See "Subsequent Events" for details of the December 13, 2021, Private Placement)

Cash, and Working Capital

As at,	**2021-10-31**	2021-01-31	*Change*	
	$	$	*$[1]*	*%[2]*
Cash	**210**	2,379	*(2,169)*	*-91%*
Total current assets	**543**	2,840	*(2,297)*	*-81%*
Accounts payables and accrued liabilities	**609**	291	*318*	*109%*
Convertible debentures – Short term	**-**	1,848	*(1,848)*	*-100%*
Total current liabilities	**762**	2,311	*(1,549)*	*-67%*
Working Capital	**(219)**	529	*(748)*	*-141%*
Additional Information – Considering net impact of Dec. 13, 2021 Financing)				
Cash	**1,258**	2,379	*(1,121)*	*-47%*
Working Capital	**808**	529	*279*	*52%*

1. A positive variance represents a positive impact and a negative variance represents a negative impact
2. Percentage change is presented in relative values

Cash at the end of Q3-22 was $0.2 million as compared to $2.4 million at the end of YE-21. However, after giving effect to the net impact of the December 13, 2021, private placement (See "Subsequent events") the Cash at the end of Q3-22 would have been $1.3 million.

Despite the cash used to fund operations and no financing secured during the YTD-22 period, our working capital has only deteriorated by $0.7 million between YE-21 and Q3-22 due to the extension of CDUs which contributed to improve our working capital by $1.8 million. All CDUs are now maturing on May 1, 2023.

ORT continued to make significant progress towards the start of its first human trial on Ortho-R for rotator cuff repair. Despite some operational delays due to our interaction with the FDA, the Corporation expects to meet this important corporate milestone in FY-22. During prior periods, the Corporation has demonstrated its ability to raise the necessary capital to support its operations and achieve development milestones. However, there is no assurance that the Corporation will be able to secure the necessary financing (See "Subsequent event" for details of the December 13, financing) to fund it various development programs. Management has continued to implement IR and financing initiatives to attract the required capital to fund its operations and deliver R&D and corporate milestones. ORT has enough financial resources to start its Ortho-R rotator cuff tear repair clinical program following the approval of its IND by the FDA (See "Overview of the Business" and "Going concern").

Future financing

As at October 31, 2021, ORT had 18.3 million warrants outstanding with an average exercise price of $0.52. 14.7 million warrants are subject to an acceleration clause. If the average VWAP of the Corporation's shares 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 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 had been exercised for all warrants outstanding at the end of Q3-22 and for which the acceleration clause applied, the maximum influx of cash to the Corporation would have been approximately $7.3 million. Assuming all warrants are exercised prior to their maturity a total of $9.5 million could be raised.

The Corporation's use of available funds over the coming year is of utmost concern to the Board. 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 secure the required capital necessary to fund its operations and development projects. Management's focus is on securing equity-based financings from Canadian and US based institutional and/or accredited investors. The Corporation is also actively promoting its technologies to strategic partners.

Discussion of operating cash requirements

All programs in the Corporation's current portfolio will require a significant investment to increase their market value (through, for example, clinical trials) or to attract a strategic partner. We estimate that $30 million will be required to bring our rotator cuff (Ortho-R), meniscus (Ortho-M), and cartilage (Ortho-C) programs to market. There are several areas where duplication between programs can provide savings such as the manufacture of the chitosan material, which is common across our product platform. We therefore do not need to replicate several manufacturing activities, or some associated costs, for each of the projects.

Ortho-R for the repair of rotator cuff tears is a clinical development stage program and represents our lead product for commercialization. We currently estimate that an additional investment of at least $5 million will be required to provide proof of concept in human and another $10 million to bring the same program to commercialization.

Ortho-M (meniscus) 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 prior to 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 any sums to the advancement of these projects until its successfully advances Ortho-R and Ortho-M in human clinical testing.

In order to successfully advance its current R&D programs, ORT entered on into a Collaborative R&D Agreement with Polytechnique on June 19, 2015 to ensure access to Polytechnique's staff, expertise and laboratories. The agreement was amended twice in 2018 and 2021 to extend the term up to May 15, 2022.

Statement of Compliance

The unaudited interim financial statements included in this MD&A for the quarter ending October 31, 2021 have been prepared in accordance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board ("IASB")* as well as with those standards and interpretations as issued by the *International Financial Reporting Interpretations Committee ("IFRIC")* issued and effective or issued and early adopted as at the time of preparing these interim financial statements.

Use of Estimates and Judgements

Reference should be made to the Corporation's 2021 annual financial statements, *note 3*, 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.

Interim Condensed Financial Statements (Unaudited)

Ortho Regenerative Technologies Inc.

October 31, 2021
Third quarter, fiscal year 2022

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	October 31, 2021	January 31, 2021 *[Restated – note 2]*
ASSETS			
Current			
Cash		**210**	2,379
Sales tax and other receivables		**30**	60
Investment tax credits receivable		**217**	143
Prepaid expenses and deposits		**86**	258
Total current assets		**543**	2,840
Equipment	4	**79**	73
Intangible assets	5	**340**	364
Total assets		**962**	3,277
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable and accrued liabilities	6	**609**	291
Accrued interest on debentures		**133**	172
Government grants		**20**	-
Convertible debentures	8	**-**	1,848
Total current liabilities		**762**	2,311
Government grants		**13**	-
Long-term loan	7	**40**	40
Convertible debentures	8	**2,326**	628
Embedded derivative	8	**1,860**	-
Non-convertible debentures	9	**2,280**	2,099
Total liabilities		**7,281**	5,078
SHAREHOLDERS' DEFICIT			
Common shares	10	**7,891**	7,706
Warrants	10	**1,989**	2,080
Equity component of convertible debentures		**-**	469
Contributed surplus		**1,876**	1,605
Deficit		**(18,075)**	(13,661)
Total shareholders' deficit		**(6,319)**	(1,801)
Total liabilities and shareholders' deficit		**962**	3,277

Going Concern Uncertainty (Note 1); Commitments *(Note 19); Subsequent Event (Note 20).*

These unaudited interim condensed financial statements were approved and authorized for issuance by the Board of Directors on December 21, 2021.

"/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 nine months ended October 31,

	Notes	Three months ended,		Nine months ended,	
		October 31, 2021	October 31, 2020	**October 31, 2021**	October 31, 2020
Expenses					
Research and development	12	**591**	191	**1,134**	751
General and administrative	13	**357**	342	**1,162**	1,035
Share-based compensation	10	**43**	101	**170**	170
Financing expense, net	14	**266**	179	**937**	548
Fair Value adjustment of embedded derivative	8	**666**	-	**666**	-
Total Expenses		**1,923**	813	**4,069**	2,504
Net loss and comprehensive loss		**1,923**	813	**4,069**	2,504
Loss per share					
Weighted average number of common shares outstanding		**34,855,186**	31,025,327	**34,881,608**	26,852,952
Basic and diluted loss per common share		**0.06**	0.03	**0.12**	0.09

Going concern uncertainty (Note 1)

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

Ortho Regenerative Technologies Inc.

Interim Condensed Statement of Changes in Shareholders' Deficit

(Unaudited)

In thousands of Canadian dollars, except for share and per share amount
For the nine months ended October 31,

	Notes	Number of common shares	Share capital	Warrants	Equity component of convertible debenture	Contributed surplus	Deficit	Total
Balance as at January 31, 2020		24,752,424	5,418	732	385	955	(9,889)	(2,399)
Units issued		8,163,812	1,803	809	-	-	-	2,612
Unit issue costs		-	(131)	(57)	-	-	-	(188)
Share-based compensation	10	-	-	-	-	170	-	170
Exercicse of stock options		215,000	100	-	-	(77)	-	23
Issuance of convertible debentures		-	-	124	135	-	-	259
Finder's warrants		-	-	30				30
Expired warrants		-	-	(318)	-	318	-	-
Consulting fees		-	-	140	-	-	-	140
Net loss for the period		-	-	-	-	-	(2,504)	(2,504)
Balance as at October 31, 2020		33,131,236	7,190	1,460	520	1,366	(12,393)	(1,857)
Balance as at January 31, 2021		**34,567,600**	**7,706**	**2,080**	**469**	**1,605**	**(13,661)**	**(1,801)**
Common share issued	10	**129,201**	**56**	**-**	**-**	**-**	**-**	**56**
Share-based compensation	10	**-**	**-**	**-**	**-**	**170**	**-**	**170**
Exercise of warrants	10	**100,000**	**73**	**(10)**	**-**	**-**	**-**	**63**
Expired warrants	10	**-**	**-**	**(101)**	**-**	**101**	**-**	**-**
Warrants extension adjustment	10	**-**	**-**	**20**	**-**	**-**	**-**	**20**
Conversion of convertible debentures	8	**173,013**	**56**	**-**	**(9)**	**-**	**-**	**47**
Extension of convertible debentures	8	**-**	**-**	**-**	**(460)**	**-**	**(345)**	**(805)**
Net loss for the period		**-**	**-**	**-**	**-**	**-**	**(4,069)**	**(4,069)**
Balance as at October 31, 2021		**34,969,814**	**7,891**	**1,989**	**-**	**1,876**	**(18,075)**	**(6,319)**

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

Ortho Regenerative Technologies Inc.

Interim Condensed Statement of Cash Flows

(Unaudited)

In thousands of Canadian dollars

For the nine months ended October 31,

	Notes	2021	2020
Operating activities:			
Net loss from operations		**(4,069)**	(2,504)
Add items not affecting cash:			
Share-based compensation	10	**170**	170
Shares issued as a supplier payment		**57**	-
Consulting fees paid by issuance of equity instruments		**-**	228
Consulting fees paid by issuance of convertible debenture		**-**	395
Depreciation and Amortization		**51**	70
Amortization – finance charges		**34**	44
Loss on convertible debenture revaluation		**26**	-
Unrealized (gain) loss on foreign exchange		**19**	(2)
Warrants extension adjustment	10	**20**	-
Payment of interest on debentures		**-**	(194)
Interest on debentures		**406**	515
Loss due to Fair Value adjustment of embedded derivative		**666**	-
Government grant amortization		**(44)**	-
Net change in non-cash operating working capital:	11	**421**	(714)
Cash used in operating activities		**(2,243)**	(1,992)
Investing activities:			
Acquisition of equipment		**(33)**	(2)
Cash used in investing activities		**(33)**	(2)
Financing activities:			
Proceeds from government grant		**75**	-
Repayment of short-term debt		**-**	(193)
Proceeds from short-term debt		**-**	40
Proceeds from exercised options		**-**	22
Proceeds from exercised warrants	10	**60**	-
Proceeds from issuance of units		**-**	2,395
Payment of debt issue cost		**-**	(3)
Payment of unit issue cost		**(1)**	(97)
Issuance of convertible debenture units		**-**	355
Payment of lease obligation		**-**	(18)
Cash provided by financing activities		**134**	2,501
Cash, beginning of period		**2,379**	302
Increase (decrease) in cash		**(2,142)**	507
Effect of foreign exchange on cash		**(27)**	-
Cash, end of period		**210**	809

See Note 11 for Supplemental Cash Flow Information

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

1. Presentation of Financial Statements

Description of the Business and Going Concern Uncertainty

Ortho Regenerative Technologies Inc. ("the Corporation", or "Ortho") 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". During the year ended January 31, 2021, the Corporation started trading on the United States OTCQB market under the symbol "ORTIF".

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.

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. During the nine months period ended October 31, 2021, the Corporation incurred a net loss of $4,069 and used cash in operations of $2,243. As at October 31, 2021 the Corporation had a deficit of $18,075 and a working capital deficit of $219.

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.

These unaudited interim condensed financial statements were approved and authorized for issuance by the Board of Directors on December 21, 2021.

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.

Comparative figures restated

The comparative figures of the statement of financial position were restated to reflect a correction to the current portion of the convertible debentures as at January 31, 2021, by reclassifying an amount of $1,848 from long-term liabilities to current liabilities.

Functional and presentation currency

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

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

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, 2021	January 31, 2021
End of period exchange rate – USD	**1.2384**	1.2780
Period average exchange rate – USD	**1.2484**	1.3401

Statement of Compliance

These unaudited annual 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 audited annual financial statements. The policies set out below have been consistently applied to all the periods presented.

The preparation of the Corporation's unaudited annual 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.

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 2021 annual financial statements and are still applicable for the three and nine months ended October 31, 2021.

4. Equipment

	Cost	**Accumulated depreciation**	**Carrying Value**
Balance as at January 31, 2021	238	(165)	73
Additions	33	(27)	6
Balance as at October 31, 2021	**271**	**(192)**	**79**

5. Intangible Asset

	Cost	**Accumulated amortization**	**Carrying Value**
Balance as at January 31, 2021	485	(121)	364
Additions	-	(24)	(24)
Balance as at October 31, 2021	**485**	**(145)**	**340**

6. Accounts Payable and Accrued Liabilities

Balance as at	**October 31, 2021**	January 31, 2021
Trade accounts payable	**589**	241
Accrued liabilities	**20**	50
	609	**291**

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

7. Long-Term Loans

	Interest Rate	Maturity	October 31, 2021	January 31, 2021
Canada Emergency Business Account	Interest-free	December 31, 2022	**40**	40

On April 29, 2020, the Corporation received a government loan under the Canada Emergency Response Benefit ("CERB"), part of Canada's COVID-19 economic response plan. The loan bears no interest and has a maturity date of December 31, 2022. Upon repayment of the loan at or prior to its maturity on December 31, 2022, the Corporation would receive a grant of $10 to reduce the balance repayable.

8. Convertible Debentures

a) Host instrument

	Nine months ended October 31, 2021	Year ended January 31, 2021
Opening balance	**2,476**	1,670
Additions	**-**	758
Conversion of note payable and long-term loan	**-**	302
Fair value allocated to warrants	**-**	(124)
Fair value of conversion option allocated to equity	**-**	(135)
Accretion expense	**284**	331
Conversion of long-term loan	**(45)**	(326)
Remeasurement resulting from extension of maturities	**(389)**	-
Total	**2,326**	**2,476**
Short term portion	**-**	1,848
Long term portion	**2,326**	628
Total	**2,326**	2,476

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, on same terms as the unsecured convertible debentures issued on October 8, 2019, and December 30, 2019 for $1,644 and 500 respectively. The debentures bear interest at a rate of 10% per annum with a term of 2 years. 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 were converted as part of the closing of April 21, 2020 ($914 of loans payable were converted into convertible debenture units issued on October 8, 2019).

At creation, 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 were 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.

On July 19, 2021, the Corporation amended its convertible debentures and related warrants agreements (the "Amendment"). Under the terms of the Amendment, the maturity date of all outstanding convertible debentures and related unexercised warrants was extended to May 1, 2023 and certain of the conversion features were clarified.

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

The Amendment was accounted for as an extinguishment of all outstanding debentures as the change in the fair value before and after the Amendment exceeded 10% of the carrying amount of the debentures. Accordingly, the Corporation recorded a loss on extinguishment of the debentures in the amount of $26 in the second quarter of fiscal year 2022.

At that date of the Amendment, the Corporation derecognized the carrying amount of the outstanding convertible debentures of $2,651 and a new liability totaling $2,262 was recorded by using the discounted cash flows method assuming an effective interest determined on the estimated rate for a loan with similar terms from comparable companies, but without a conversion feature. The difference between both amounts was recorded as decrease of deficit $389. Resulting from the clarification of the conversion option features, the Corporation determined that the conversion option was now considered as an embedded derivative to be classified as a liability instrument. Therefore, the Corporation derecognized the $460 carrying amount of the conversion option initially classified as an equity component and recorded the fair value of $1,194 as a liability. The difference between both amounts was recorded as an increase of deficit of $734. The Corporation utilized a Monte Carlo simulation model to determine the fair value of the conversion option.

Accretion charges, included in financing expense on the statement of loss and comprehensive loss, attributable to the debentures for the nine months ended October 31, 2021 was $285 ($152 for the nine months ended October 31, 2020). In addition, $212 of accrued interest expense was recorded, for a total of $91 included as Interest payable on debentures in the statement of financial position.

Finally, during the nine months ended October 31, 2021, debentures with a value of $45 ($326 for the year ended January 31, 2021) were converted into common shares of the Corporation.

The following table shows the nominal value of the convertible debentures with their maturity date:

		Amounts outstanding as at	
Maturity Date	**Initial Amount**	**October 31, 2021**	January 31, 2021
May 1, 2023	3,204	2,783	2,833
Total	3,204	2,783	2,833
Short-term		-	2,079
Long-term		**2,783**	754
Total		**2,783**	2,833

b) Embedded Derivative

	Nine months ended October 31, 2021	Year ended January 31, 2021
Opening balance – July 19, 2021	**1,194**	-
Fair Value adjustment	**666**	-
Total	**1,860**	**-**

For the three and nine-month periods ended October 31, 2021, the Corporation recorded a loss on revaluation of the embedded derivative's fair value of $666 resulting from an increase in the Corporation's share price going from $0,30 to $0,41 per share as of October 31, 2021.

9. Non-convertible Debentures

	Nine months ended October 31, 2021	Year ended January 31, 2021
Opening balance	**2,099**	-
Additions	**-**	3,000
Fair value of warrants allocated to equity	**-**	(728)
Transaction costs	**-**	(209)
Accretion expense	**181**	36
Total	**2,280**	2,099

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

On November 30, 2020, the Corporation issued 3,000 secured non-convertible debenture units (the "Debenture Units") at a purchase price of $1 per Debenture Unit for gross proceeds of $3,000, of which an amount of $55 was in exchange of consultants' remuneration. These units are secured by a $4,000 hypothec against the universality of the Corporation's present and future assets. Each Unit consist of one 10% secured non-convertible debenture of the Corporation in the principal amount of $1 (each, a "Debenture") and 500 Class "A" share purchase warrants (each, a "Warrant") both maturing November 30, 2023 (the "Maturity Date"). Each Warrant entitles the holder thereof to purchase one Class "A" Share of the Corporation (each, a "Share") at an exercise price of $0.75 until the Maturity Date.

The Corporation valued the debt component of the non-convertible 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 non-convertible debenture without warrant coverage would bear as at November 30, 2020. On initial recognition, the liability components were $2,272, and the warrants were $728. In connection with the transaction, 170,850 broker's warrants were issued. Transaction costs of $209 were netted against the liability and will be amortized using the effective interest method over the period of the loan. A further $67 in transaction costs, related to the warrants, were capitalized to share issue costs.

Accretion expense included in financing expense on the statement of loss and comprehensive loss, attributable to the debentures for the nine months ended October 31, 2021 was $182 (nil for the nine months ended October 31, 2020). In addition, the debentures accrued interest of $75, included in financing expense on the statement of loss and accrued interest on the statement of financial position.

The following table shows the nominal value of the non-convertible debentures with their maturity date:

		Amounts outstanding as at	
Maturity Date	**Initial Amount**	**October 31, 2021**	January 31, 2021
November 30, 2023	**3,000**	**3,000**	3,000
Total	**3,000**	**3,000**	3,000
Short-term		**-**	-
Long-term		**3,000**	3,000
Total		**3,000**	3,000

10. 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, 2021	34,567,600	7,706
Common shares issued	129,201	56
Share issue costs	-	-
Stock options exercised	-	-
Warrants exercised	100,000	73
Conversion of debentures into common shares	173,013	56
Balance as at October 31, 2021	**34,969,814**	**7,891**

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

(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, and vary from one grant to another, 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.

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, if 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 expire.

For the nine months ended October 31, 2021 and 2020, the Corporation recorded compensation expense of $170 and $170, 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 nine months ended October 31, 2021, estimated by using the Black-Scholes option pricing model, was $0.38 (year ended January 31, 2021 – $0.41).

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

	Nine months ended October 31, 2021		**Year ended January 31, 2021**	
	Number of Shares	**Weighted Average Exercise Price**	**Number of Shares**	**Weighted Average Exercise Price**
Options outstanding, beginning of year	**2,746,000**	**$0.47**	2,125,000	$0.39
Granted during the period	**350,000**	**$0.41**	881,000	$0.54
Options forfeited	**-**	**-**	-	-
Options cancelled/expired	**(150,000)**	**$0.47**	(45,000)	$0.10
Options exercised	**-**	**-**	(215,000)	$0.10
Options outstanding, end of period	**2,946,000**	**$0.47**	2,746,000	$0.47

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.

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

The following options were outstanding as at October 31, 2021:

Outstanding	Exercisable	Exercise price	Remaining contractual life (years)
75,000	75,000	$0.60	7.25
1,015,000	940,000	$0.50	1.50
950,000	800,000	$0.36	3.94
100,000	75,000	$0.30	3.88
65,000	16,250	$0.58	7.16
245,000	183,750	$0.37	3.98
220,000	55,000	$0.72	7.26
126,000	63,000	$0.71	7.38
150,000	37,500	$0.47	7.65
2,946,000	**2,245,500**		

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

Exercise price	**$0.30 - $0.72**
Risk-free rate	**0.35% - 2.28%**
Volatility factor (i)	**74.72% - 118%**
Expected life (years)	**5.0 - 8.0**

(i) Volatility was determined using the historical share price of comparable companies as the Corporation has insufficient historical data.

(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, 2021	19,348,948	$0.54
Granted during the period	-	-
Expired during the period	(926,000)	0.70
Exercised during the period	(100,000)	0.60
Balance as at October 31, 2021	**18,322,948**	**0.52**

As at October 31, 2021, the Corporation had outstanding warrants as follows:

Number of warrants	Exercise price	Fair value of warrants	Remaining contractual life
1,670,850	$0.75	$0.49	2.33 years
16,652,098	$0.50	$0.02 - $0.17	0.19 – 2.08 years
18,322,948			

On July 19, 2021, the Corporation amended the terms of the warrants previously issued upon issuance of the convertible debentures. Under the terms of the amendment, the maturity date was extended to May 1, 2023, to match the maturity date of the convertible debentures. The Corporation also extended to January 31, 2022 the maturity of warrants expiring October 31, 2021. No impact resulted from the warrants extended to May 1, 2023, while a $20 revaluation loss resulted from the warrants extended to January 31, 2022.

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

11. Supplemental Cash Flow Information

	Nine months ended,	
	October 31, 2021	October 31, 2020
Net change in non-cash operating working capital items		
Sales tax receivable and prepaid expenses	**31**	(423)
Deposits	**173**	-
Investment tax credits receivable	**(74)**	128
Accounts payable and accrued liabilities	**291**	(419)
Total	**421**	(714)
Non-cash transactions		
Settlement of long-term loans by issuance of convertible debentures	**-**	**302**

12. Research and Development Expenses

	Three months ended,		Nine months ended,	
	October 31, 2021	October 31, 2020	**October 31, 2021**	October 31, 2020
Development costs	**630**	175	**1,187**	721
Patent costs	**22**	12	**51**	43
Depreciation – equipment	**10**	10	**27**	31
Amortization – intangible assets	**8**	8	**24**	24
	670	205	**1,289**	819
Investment tax credit	**(60)**	(14)	**(111)**	(68)
Government grants (i)	**(19)**	-	**(44)**	
Total	**591**	191	**1,134**	751

(i) Government grants are recognized as a reduction of the expenses on a systematic basis over the period in which the related development costs are incurred. During the first quarter, the Company received a grant of $75, of which $44 was recognized in the income statement as a reduction of the related R&D expenses for the nine months ended October 31, 2021 and $31 remain in the balance sheet as government grants as of October 31, 2021.

13. General and Administrative Expenses

	Three months ended,		Nine months ended,	
	October 31, 2021	October 31, 2020	**October 31, 2021**	October 31, 2020
Consulting fees (i)	**245**	86	**575**	617
Professional and IR fees	**35**	181	**378**	275
Office and administrative	**77**	70	**209**	128
Depreciation – right of use asset	**-**	5	**-**	15
Total	**357**	342	**1,162**	1,035

(i) Consulting fees include fees paid to management in lieu of salary, $267 of which were converted into convertible debenture units on April 21, 2020.

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

14. Financing Expense, Net

	Three months ended,		Nine months ended,	
	October 31, 2021	October 31, 2020	**October 31, 2021**	October 31, 2020
Interest expense	**13**	(3)	**34**	14
Interest on short-term loans	**-**	28	**-**	117
Interest on debentures	**148**	81	**437**	218
Effective interest on debentures	**116**	80	**407**	208
Interest on leases	**-**	1	**-**	3
Loss on debentures extinguishment	**-**	-	**26**	-
Fair value adjustment - warrant extension	**-**	-	**20**	-
(Gain) Loss on foreign exchange	**(11)**	(8)	**13**	(12)
Total	**266**	179	**937**	548

15. Income Taxes

As at October 31, 2021, 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
2041	2,349	2,385
	7,703	**7,613**

As at October 31, 2021, the Corporation had investment tax credits totalling $383, 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.

16. Financial Instruments

For the nine months ended October 31, 2021, the convertible debentures conversion options were revaluated and reclassified from equity to liabilities. For the year ended January 31, 2021, 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 October 31, 2021:	**FVTPL**	**Amortized cost**
Financial asset:		
Cash	**-**	**210**
Financial liabilities:	**-**	**609**
Accounts payable and accrued liabilities	**-**	**133**
Interest payable on debentures	**-**	**40**
Long-term loans	**-**	**2,326**
Convertible debentures	**-**	**2,280**
Non-convertible debentures	**-**	**609**
Conversion option classified as an embedded derivative	**1,860**	**-**

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

As at January 31, 2021:	Amortized cost
Financial asset:	
Cash	2,379
Financial liabilities:	
Accounts payable and accrued liabilities	291
Interest payable on debenture	172
Long-term loan	40
Convertible debentures	2,476
Non-convertible debentures	2,099

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.

17. 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 USD, EUR and JPY. 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, as at:

	October 31, 2021		January 31, 2021	
	Foreign Currency	**CAD equivalent**	Foreign Currency	CAD equivalent
Cash – USD	**133**	**165**	810	1,035
Accounts payable and accrued liabilities – USD	**359**	**444**	51	65
Accounts payable and accrued liabilities – EUR	**-**	**-**	1	1

A plus or minus 5% variation in exchange rate, all else being held equal, would result in a foreign exchange gain or loss of $30.

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

(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, 2021	***Carrying value*** **$**	***Contractual cash flows*** **$**	***Less than 12 months*** **$**	***Greater than 12 months*** **$**
Financial liabilities				
Accounts payable and accrued liabilities	**609**	**609**	**609**	**-**
Interest payable on debentures	**133**	**133**	**133**	**-**
Government loan	**40**	**-**	**-**	**40**
Convertible debenture	**2,326**	**2,783**	**-**	**2,783**
Non-convertible debenture	**2,280**	**3,000**	**-**	**3,000**
Total	**5,388**	**6,525**	**742**	**5,823**

As at January 31, 2021:	***Carrying value*** **$**	***Contractual cash flows*** **$**	***Less than 12 months*** **$**	***Greater than 12 months*** **$**
Financial liabilities				
Accounts payable and accrued liabilities	291	291	291	-
Investment tax credit loan	172	172	172	-
Long-term loans	40	-	-	40
Convertible debenture	2,476	2,833	2,079	754
Non-convertible debenture	2,099	3,000	-	3,000
Total	5,078	6,296	2,542	3,794

(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.

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

18. Related Party Transactions

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

	Three months ended		Nine months ended	
	October 31, 2021	October 31, 2020	**October 31, 2021**	October 31, 2020
Transactions with key management and members of the Board of Directors:				
Share-based compensation to key management and directors	**26**	115	**99**	175
Consulting fees charged by key management and directors	**146**	55	**420**	363
Interest earned on debentures by key management and directors	**56**	47	**185**	1124
Interest earned on debentures by Manitex, a shareholder of the Corporation:	**48**	49	**168**	146
Consulting fees and rental expense charged by Valeo Pharma Inc.	**1**	24	**42**	95
R&D expenses incurred with École Polytechnique, a partner of Polyvalor	**110**	57	**316**	204

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

	October 31, 2021	January 31, 2021
	$	$
Accounts payable and accrued liabilities due to key management and directors	**-**	62
Accounts payable and accrued liabilities due to École Polytechnique, a partner of Polyvalor	**-**	74
Accounts payable and accrued liabilities due to Valeo Pharma Inc.	**-**	25
Debentures due to key management and directors	**965**	1,018
Conversion option of key management and directors classified as an embedded derivative	**589**	-
Accrued interest on debenture due to key management and directors	**47**	50
Convertible debenture due to Manitex, a shareholder of the Corporation	**807**	861
Accrued interest on debenture due to Manitex, a shareholder of the Corporation	**11**	29

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

19. Commitments

In June 2015, the Corporation entered into collaborative research agreement with École Polytechnique which stipulated that when the Corporation's products are commercialized, it must make non-refundable payments to Polyvalor, a shareholder of the Corporation, equal to 1.5% of net sales. On September 21, 2021, the Corporation extended its ongoing Collaborative Research Agreement with Ecole Polytechnique until May 2022.

20. Subsequent Event

On December 13, 2021, the Company issued 1,075 Note Units at a price of $975 per Note Unit for total gross proceeds of $1.048 million. Each Note Unit consisted of one (1) unsecured convertible note of the Company in the principal amount of $1,000 (each a "Note") and 1,000 Class "A" share purchase warrants (each a "Warrant"). The Notes bear interest at a rate of 10% per annum from the date of issue, payable in cash, semi-annually in arrears and will mature (the "Maturity Date") on the earlier of (i) 12 months following the closing date of the Private Placement, or (ii) 20 days following the closing of a capital raise in the form of an equity or debt financing of at least $5 Million (the "Capital Raise"). Any unpaid interest payments will accrue and be added to the principal amount of the Notes. Should the Company complete a Capital Raise prior to the Maturity Date, the holder of a Note will have the option, but not the obligation, to convert the outstanding value of the Note and any accrued and unpaid Interest thereon, into the equity securities and/or debt instrument to be issued pursuant to the Capital Raise, at the same terms and conditions. Each Warrant will entitle the holder thereof to purchase one Class A Share (each, a "Share") at an exercise price of $0.50 at any time up to 24 months following December 13, 2021. The Notes and the Warrants are subject to a statutory hold period. The Company has paid $21 in commissions and issued 21,700 finders' warrants in connection with the Capital Raise.