Appendix 4D

Half-yearly report for the 6 months to 31 December 2020

Orthocell Limited - ABN 57 118 897 135

1. Reporting period

Report for the half year ended 31 December 2020.
Previous period is the half year ended 31 December 2019

2. Results for announcement to the market

	31 Dec 2020	31 Dec 2019	% change
Sales revenues from ordinary activities	446,201	368,095	21%
Other revenues from ordinary activities	228,664	38,131	500%
Loss from ordinary activities after tax attributable to the owners of Orthocell Limited	(4,395,269)	(2,087,211)	111%
Loss for the half-year attributable to the owners of Orthocell Limited	(4,395,269)	(2,087,211)	111%

3. Net tangible assets per security

	31 Dec 2020	31 Dec 2019
Net tangible assets per ordinary security	$0.100	$0.122

4. Dividends

No dividends were paid during the current or previous half years and no dividends have been declared subsequent to the half year end and up to the date of this report. There are no dividend or distribution reinvestment plans in operation.

5. Foreign entities

N/A

6. Gain or loss of control over entities

In August 2019 Orthocell divested its ownership in subsidiary Orthocell (HK) Limited.

7. Associates and joint ventures

N/A

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The Interim Report of Orthocell Limited for the half-year ended 31 December 2020 was subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Signed

Paul Anderson
Managing Director

Date: 26 February 2021
Perth

ortho·cell
advancing tissue repair & regeneration

Orthocell Limited

ABN 57 118 897 135

Half-Year Report
31st December 2020

Ph: +61 8 9360 2888 Fax: +61 8 9360 2899 www.orthocell.com.au

CONTENTS

CORPORATE DIRECTORY

Board of Directors

Dr Stewart Washer
Executive Chairman, appointed 7 April 2014
Mr Paul Anderson
Managing Director, appointed 21 March 2006
Mr Matthew Callahan
Non-Executive Director, appointed 30 May 2006, resigned 23 August 2019, re-appointed 10 February 2020
Professor Lars Lidgren
Independent Non-Executive Director, appointed 17 December 2007
Mr Qi Xiao Zhou
Non-Executive Director, appointed 8 November 2012
Ms Leslie Wise
Executive Director, appointed 9 June 2020

Company Secretary

Mr Simon Robertson

Registered Office & Principal Place of Business

Building 191, Murdoch University
South Street
Murdoch WA 6150, Australia

Share Register

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000, Australia

Auditor

PKF Perth
4th Floor, 35 Havelock Street
West Perth WA 6005, Australia

Solicitors

Gilbert + Tobin
Level 16, Brookfield Place Tower 2
123 St Georges Terrace, Perth WA 6000, Australia

Bankers

Westpac Banking Corporation

Securities Exchange Listing

Australian Securities Exchange, ASX code: OCC

Website

www.orthocell.com.au

DIRECTORS REPORT

The directors present their report, together with the consolidated financial statements, on the consolidated entity ('consolidated entity') consisting of Orthocell Limited ('Company' or 'parent entity') and the entity it controlled at the end of, or during, the half-year ended 31 December 2020.

1. Directors

The following persons were directors of Orthocell Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

- Dr Stewart Washer, Executive Chairman
- Mr Paul Anderson, Managing Director & CEO
- Mr Matthew Callahan, Non-Executive Director (resigned 23 August 2019, re-appointed 11 February 2020)
- Professor Lars Lidgren, Independent Non-Executive Director
- Mr Qi Xiao Zhou, Non-Executive Director
- Ms Leslie Wise, Executive Director (appointed 8 June 2020)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Principal activities

During the half year the principal continuing activities of the consolidated entity consisted of the development & commercialisation of cell therapies for the repair & regeneration of human tendons, bone, nerve and cartilage defects.

3. Summary review of operations

CelGro®
*Soft tissue **reconstruction** **platform** medical device*

During the half year Orthocell achieved key milestones on its path to securing a distribution partner for CelGro® in dental bone and tissue repair procedures, clinical development milestones in nerve and tendon repair and development objectives of key pipeline products.

CelGro®
Dental Bone Regeneration

Expanding target market regulatory approvals

Australia
During the half year, Orthocell announced Australian market approval for Striate + (previously named CelGro® Dental), for introduction into the Australian dental bone and tissue regeneration market. Subsequent to 31 December 2020 the Company received notification from the Australian Government Department of Health, that the Prosthesis List Advisory Committee has recommended the Minister of Health ratify its inclusion on the Prosthesis List (PL). Inclusion on the PL may be finalised by Q1 CY2021.

United States
On the 14th January 2021, Orthocell received FDA 510(k) clearance to market and supply Striate+ for dental bone and tissue regeneration procedures. The FDA 510(k) clearance now allows Orthocell to supply Striate+ in the US dental market, estimated at US$500 million per annum.

Increasing product awareness

UK and EU
During the period, new strains of COVID-19 and subsequent social distancing restrictions in the EU and the UK prevented most dental practices from treating patients. In response to these restrictions and the current dental market conditions, the Company placed various promotional and distribution personnel related expenses on hold until dental surgeons are able to return to the regular treatment of patients. The Company is utilised this period to prepare for the anticipated return of demand for high quality products, such as Striate+, to facilitate rapid and high quality dental procedures by continuing to invest in its clinician advocacy program and a digital marketing campaign, including release of the first of a series of webinars to grow product awareness and use in centres of excellence.

DIRECTORS REPORT

Video conferences were held in place of in person meetings due to COVID-19 restrictions and were effective in maintaining contact and continued development of strategic relationships with industry leading clinicians in the US, UK, Spain, France and Italy.

Clinician advocacy program and product use in centres of excellence

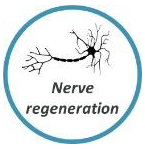
During the half year, the Company engaged ten industry leading clinicians (KOL's) based in the EU and the US to assist in rolling out the clinician advocacy program, to expand the network of referring clinicians and assist discussions with strategic partners. Clinicians were supplied with Striate+ for use in their clinics, industry workshops, conference attendance and podium presentations.

Growing the body of clinical evidence

During the half year, the company announced the publication of positive pre-clinical and clinical results for the use of Striate+ in enhancing repair of critical bone defects in the highly regarded "Tissue Engineering" Journal. The paper is entitled "Collagen Membrane for Guided Bone Regeneration in Dental and Orthopaedic Applications". A copy of the publication can be found here: CelGro GBR Publication. Accelerated repair of critical bone defects represents an area of significant clinical interest to the dental and orthopaedic community. Orthocell intends to leverage Striate+'s ability to guide superior quality bone formation to further position Striate+ as the best-in-class collagen membrane for bone and soft tissue repair.

Engaging Partners

The Company will now pursue negotiations with multi-national dental companies for US marketing and distribution rights, with Orthocell to retain manufacturing of the finished product. With US, EU and Australian market approval achieved and key opinion leaders (KOLs) actively engaging with the program, Orthocell is well positioned to secure a distribution partner and establish Striate+ as the best-in-class dental resorbable collagen membrane.



CelGro®
Nerve Regeneration

Positive CelGro® nerve regeneration results in quadriplegic patients

During the half year, Orthocell announced further positive long term clinical data showing nerve repair with CelGro® results in predictable and consistent restoration of upper limb function. The Company also announced it had decided, in consultations with key stakeholders, that the clinical results have met the study objectives and closed recruitment.

Positive 24-month clinical data

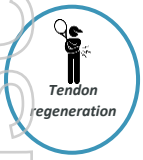
On the 20th November 2020 the Company announced clinical results from ten participants (involving 19 nerve repairs) 24 months after treatment with CelGro® showing upper limb function was restored in 17 of 19 (89%) nerve repairs. These positive results follow the interim data announced on 9 October 2019 showing patients ceased, or significantly reduced, prescription pain medication (including opioid-based medications), and in many cases returned to work and participation in recreational activities. Results at 12 months after treatment with CelGro® included:

- **96% of nerve repairs restored voluntary movement** to previously paralysed muscles;
- **All quadriplegic patients increased movement and power of affected muscles** following CelGro® nerve regeneration treatment;
- **86% of patients** who required prescription medication (including opioid-based medications) for chronic nerve pain were able to **significantly reduce or cease their use**; and
- Nerve repair with CelGro® resulted in **predictable and consistent restoration of muscle function**.

Results showed that nerve repair using CelGro® resulted in improvements in muscle power at 12 months that were comparable to what would normally be expected at 24 months with other methods.

The Company believes the consistent and predictable outcomes of nerve repair with CelGro®, achieved in a shorter time, will empower surgeons to improve the lives of patients with these complex injuries.

Following these positive results validating the interim data, the company is progressing regulatory applications in the Australia and will commence the US regulatory study shortly to make this treatment accessible to the millions of people who experience nerve damage annually.



CelGro®
Tendon & Ligament Repair

During the half year, Orthocell has progressed implementation of its regulatory strategy to achieve US and AUS approval to market CelGro® for tendon repair procedures. The regulatory and research team is continuing to work on the US study design and to prepare for a US FDA pre-submission meeting. The team is also collating additional clinical evidence relating to the positive performance of CelGro® in augmenting tendon repair for the TGA submission. Whilst COVID-19 restrictions have impacted timeframes to collate this data, the team remains focussed on finalising submission documents for approval of the tendon repair product in the US, AUS and the EU.

CelGro® collagen rope – a potential breakthrough pipeline product for ligament repair

Orthocell has developed an alternative to tendon graft made from braided CelGro® collagen fibres for ACL reconstruction. The CelGro® collagen rope is designed to significantly improve treatment efficiency & effectiveness by simplifying repair techniques, reducing surgery time & mitigating the risks associated with harvesting the patient's hamstring tendon.

During the half year, the Company announced a United States patent has been accepted for the CelGro® collagen rope device to enhance the surgical repair of Anterior Cruciate Ligament injuries. The patent entitled "Collagen Construct & Method for Producing the Collagen Construct" is now approved in Australia, Japan & the United States providing additional important intellectual property to protect the CelGro® platform for soft tissue regeneration & repair applications and expires on or after 12 October 2035.

The company is in the process of completing the pre-clinical study using CelGro® collagen rope for Anterior Cruciate Ligament (ACL) reconstruction & developing an appropriate regulatory and reimbursement strategy to the US, AUS and EU markets.

Ortho-ATI®

Cell therapy to regenerate damaged tendon tissue

Ortho-ATI®
Tendon Regeneration

Ortho-ATI® is a world-leading breakthrough in regenerative medicine – a novel cell therapy developed to treat chronic degenerative tendon injuries (tendinopathy / tendonitis). Ortho-ATI® can be used in both surgical and non-surgical applications and is at the forefront of a large and increasing market opportunity, estimated to be worth >US$7.7bn and growing.

The Company is currently conducting two clinical trials with Ortho-ATI®, the first is focused on rotator cuff and the second on tennis elbow tendon defects. The rotator cuff study is fully recruited and is on track to provide a final data read out in 3Q CY2021. This will be the world's first randomised, active controlled clinical trial of a tendon regeneration cell therapy and represents a significant inflection point for the Company on its pathway to US approval and commercialisation. The tennis elbow study is 70% recruited and plans to be fully recruited in CY 2021.

Ortho-ATI® can be used in both surgical and non-surgical applications and is at the forefront of a large and increasing market opportunity, estimated to be worth >US$7.7bn and growing.

Successful Annual Quality Survey

As part of Orthocell's commitment to its continuous delivery of high quality regenerative medicine products, the Company administers an Annual Quality Study ("AQS") to capture patient feedback following treatment of chronic tendon injuries with Orthocell's Ortho-ATI® cellular therapy.

On the 9th July, the Company announced the results from its 2019 AQS and trends since 2015. Summary results included:

- **87.5% satisfaction** in patients who received Ortho-ATI® tendon repair treatment, **in the shoulder**, in the four AQS surveys conducted between 2015 and 2019
- **74.2% satisfaction** in patients who received Ortho-ATI® tendon repair treatment **in the four AQS surveys conducted between 2015 and 2019**
- 2019 AQS included treatment of six (6) different anatomical locations (tendons) including Elbow (56%), Shoulder (18%), Hip (13%), Knee (3%) Achilles/ankle/foot (10%)

Outlook

Orthocell remains focused on executing its partnering strategy for Striate+ in dental bone & soft tissue repair. This includes increasing international product awareness, growing product use in centres of excellence & growing base of brand ambassadors led by its KOLs, designed to optimise shareholder value. Over the medium term, Orthocell intends to leverage Striate+'s regulatory milestones to drive the most appropriate regulatory programs for the introduction of the nerve & tendon indications, in parallel to the commercialisation of Ortho-ATI® & pipeline products.

Corporate

In January 2021 Orthocell received A$2,394,397 Research & Development (R&D) tax incentive cash refund.

The loss for the consolidated entity after income tax for the half-year amounted to $4,395,269 (31 December 2019: $2,087,211).

4. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

5. Directors' resolution

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Paul Anderson
Managing Director
26 February 2021
Perth

AUDITOR'S INDEPENDENCE DECLARATION

PKF Perth

PKF
Advisory • Audit
Business Solutions

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ORTHOCELL LIMITED

In relation to our review of the financial report of Orthocell Limited for the half year ended 31 December 2020, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

SHANE CROSS
PARTNER

26 FEBRUARY 2021
WEST PERTH
WESTERN AUSTRALIA

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2020

	Note	31 Dec 2020 $	31 Dec 2019 $
Revenue			
Sales revenue	3	446,201	368,095
Cost of goods sold		(286,258)	(258,846)
Gross profit		159,943	109,249
Other revenue	3	228,664	38,131
Expenses			
Research & development		(4,626,495)	(2,867,085)
Sales & marketing, & business development		(641,754)	(911,840)
Administrative & general		(1,910,023)	(1,360,212)
	4	(7,178,272)	(5,139,137)
Loss before income tax expenses		(6,789,666)	(4,991,757)
Income tax benefit		2,394,397	2,904,546
Loss after income tax expenses		(4,395,269)	(2,087,211)
Other comprehensive income			
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss		(4,395,269)	(2,087,211)

Loss per share	$	$
Basic earnings per share	(0.024)	(0.013)
Diluted earnings per share	(0.024)	(0.013)

Note: the above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	31 Dec 2020 $	30 Jun 2020 $
Assets			
Current assets			
Cash and cash equivalents		17,561,252	20,441,616
Trade and other receivables		2,591,403	253,110
Inventories		34,098	47,552
Other		12,363	63,087
Total current assets		20,199,116	20,805,365
Non-current assets			
Property, plant and equipment		256,354	234,648
Right-of-use assets		481,785	500,887
Intangibles		1,450,486	1,629,671
Total non-current assets		2,188,625	2,365,206
Total assets		22,387,741	23,170,571
Liabilities			
Current liabilities			
Trade and other payables		1,365,588	865,148
Lease liabilities		101,667	107,630
Employment benefits		479,117	553,172
Other		91,470	334,667
Total current liabilities		2,037,842	1,860,617
Non-current liabilities			
Lease liabilities		386,572	393,258
Employment benefits		14,834	13,215
Total non-current liabilities		401,406	406,473
Total Liabilities		2,439,248	2,267,090
Net assets		19,948,493	20,903,481
Equity			
Issue capital	5	53,696,821	53,674,762
Share-based payment reserve	6	6,793,754	3,375,532
Accumulated losses		(40,542,082)	(36,146,813)
Total equity		19,948,493	20,903,481

Note: the above statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2020

	Issued Capital	Share-based payment reserve	Accumulated losses	Total equity
	$	$	$	$
Balance at 1 July 2019	39,026,963	1,955,279	(30,257,780)	10,724,462
Loss after income tax expense	-	-	(2,087,211)	(2,087,211)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners:				
Contributions of equity	14,511,750	-	-	14,511,750
Share equity costs	(660,000)	-	-	(660,000)
Expiry of options		(228,324)	228,324	-
Exercise of options/warrants	710,060	(41,663)	-	668,397
Issue of options	-	1,039,381	-	1,039,381
Balance at 31 December 2019	53,588,773	2,724,673	(32,116,667)	24,196,779
Balance at 1 July 2020	53,674,762	3,375,532	(36,146,813)	20,903,481
Loss after income tax expense	-	-	(4,395,269)	(4,395,269)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners:				
Contributions of equity	-	-	-	-
Share equity costs	-	-	-	-
Expiry of options	-	-	-	-
Exercise of options/warrants	22,059	-	-	22,059
Issue of options	-	3,418,222	-	3,418,222
Balance at 31 December 2020	53,696,821	6,793,754	(40,542,082)	19,948,493

Note: the above statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2020

	Note	31 Dec 2020 $	31 Dec 2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		372,960	349,293
Payments to suppliers & employees (inclusive of GST)		(3,929,999)	(4,672,001)
Interest received		190,340	35,606
Grants & subsidies received		354,000	-
Interest paid		-	(9,764)
Net cash used in operating activities		(3,012,699)	(4,296,866)
Cash flows from investing activities			
Payments for intangible assets		(11,914)	(277,502)
Payments for property, plant & equipment		(27,810)	(1,596)
Payments for other investments		-	(300,000)
Net cash used in investing activities		(39,724)	(579,098)
Cash flows from financing activities			
Share subscription funds received		172,059	15,091,397
Share equity costs		-	(650,000)
Net cash from financing activities		172,059	14,441,397
Net (decrease)/increase in cash and cash equivalents		(2,880,364)	9,565,433
Cash & cash equivalents at the beginning of the financial half-year		20,441,616	11,236,299
Cash & cash equivalents at the end of the financial half-year		17,561,252	20,801,732

Note: the above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Orthocell Limited (the "Company" or "Orthocell") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX"). The consolidated financial statements of the Group as at and for the half-year to 31 December 2020 comprise the Company and its subsidiaries.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated interim financial statements were authorised by the directors on 24 February 2020.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Statement of compliance

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the period ended 30 June 2020 and any public announcements made by Orthocell Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial half-year and corresponding interim reporting period.

Critical accounting estimates and significant judgements

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the period ended 30 June 2020.

Going Concern

The Group has net assets of $19,948,521 as at 31 December 2020 (30 June 2020: $20,903,481 and incurred a loss of $4,395,269 (2019: $2,087,211) and net operating cash outflow of $3,012,699 (2019: $4,296,866) for the period ended 31 December 2020.

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on the Company's ability to raise sufficient working capital to ensure the continued implementation of the Group's business strategy.

The financial report has been prepared on a going concern basis. In arriving at this position, the directors have had regard to the fact that the

Company has, or in the directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

New and amended standards adopted by the entity

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2020 that have been applied by Orthocell Limited. The 30 June 2020 annual report disclosed that Orthocell Limited anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date.

Note 2. Operating segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. The financial information presented in the statement of profit or loss and other comprehensive income and statement of financial position is the same as that presented to the chief operating decision makers. The consolidated entity predominately operates in the regenerative medicine industry in Australia.

Note 3. Revenue

	31 Dec 2020 $	31 Dec 2019 $
Sales revenue		
Sale of goods	446,201	368,095
	446,201	368,095
Other revenue		
Interest	190,340	35,606
Other	38,324	2,525
	228,664	38,131
Total revenue	674,865	406,226

Note 4. Expenses

Loss before income tax includes the following specific expenses:

Depreciation and amortisation		
Depreciation – plant & equipment	84,350	30,352
Amortisation – patents & trademarks	137,266	92,750
Total depreciation and amortisation	221,616	123,102
Employment expenses		
Wages	1,664,134	1,432,558
Superannuation	148,748	132,567
Leave entitlements	(72,436)	39,781
Payroll & other taxes	80,172	89,566
Share-based payments	2,413,670	918,306
Directors' fees	169,070	125,263
Wage grants and rebates	(204,000)	-
Other employment costs	41,261	-
Total employment costs	4,240,619	2,738,041
Net foreign exchange gain/(loss)		
Net foreign exchange gain/(loss)	420	(9,763)
Rental expense relating to operating leases		
Minimum lease payments	10,725	35,270

Note 5. Equity – issued capital

	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 $	30 Jun 2020 $
Ordinary shares – fully paid	184,786,957	184,698,772	56,776,552	56,754,493
Share equity costs	-	-	(3,079,731)	(3,079,731)
	184,786,957	184,698,772	53,696,821	53,674,762

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	30 Jun 2019	153,366,810		41,446,694
Issue of shares	11 Jul 2019	108,771	0.475	51,666
Issue of shares on exercise of options	11 Jul 2019	50,000	0.250	12,500
Issue of shares on exercise of options	25 Jul 2019	738,000	0.250	208,559
Issue of shares	14 Aug 2019	42,357	0.482	20,417
Issue of shares	10 Sep 2019	40,159	0.415	16,667
Issue of shares on exercise of options	9 Oct 2019	350,000	0.250	98,910
Issue of shares on exercise of options	29 Oct 2019	190,000	0.250	53,694
Issue of shares	11 Dec 2019	26,000,000	0.500	13,000,000
Issue of shares on exercise of options	17 Dec 2019	75,000	0.250	18,750
Issue of shares on exercise of warrants	17 Dec 2019	547,667	0.580	317,647
Issue of shares	30 Dec 2019	2,846,000	0.500	1,423,000
Issue of shares on exercise of options	19 Jan 2020	343,958	0.250	85,989
		31,331,912		15,307,799
Balance	30 Jun 2020	184,698,722		56,754,493
Issue of shares on exercise of options	11 Jul 2020	88,235	0.250	22,059
		88,253		22,059
Balance	31 Dec 2020	184,786,957		56,776,552

Note 6. Share-based payment reserve

	31 Dec 2020 No of Options	30 Jun 2020 No of Options	31 Dec 2020 $	30 Jun 2020 $
Share-based payment reserve	40,222,000	23,382,000	6,793,754	3,375,532
	40,222,000	23,382,000	6,793,754	3,375,532

Movements in share-based payment reserve

Details	Date	No of options	$
Balance	1 Jul 2019	21,180,000	1,955,279
Exercised options[1]	25 Jul 2019	(738,000)	(24,059)
Issue of options[2]	14 Aug 2019	1,660,000	426,118
Exercised options[1]	9 Oct 2019	(350,000)	(11,410)
Expiry of options	12 Oct 2019	(650,000)	(108,160)
Exercised options[1]	29 Oct 2019	(190,000)	(6,194)
Issue of options[3]	20 Nov 2019	1,650,000	560,076
Issue of options[4]	20 Nov 2019	150,000	53,187
Expiry of options	13 Dec 2019	(490,000)	(80,164)
Expiry of options	13 Dec 2019	(600,000)	(40,000)
Expiry of options	22 Mar 2020	(40,000)	(5,612)
Value of options vested[5]	8 May 2020	-	394,533
Issue of options[6]	10 Jun 2020	2,000,000	215,481
Value of options vested[7]	12 Jun 2020	-	74,517
Expiry of options	19 Jun 2020	(200,000)	(28,060)
		2,202,000	1,420,253
Balance	30 Jun 2020	23,382,000	3,375,532
Issue of options[8]	8 Oct 2020	200,000	40,302
Issue of options[9]	15 Oct 2020	16,640,000	3,377,920
		16,840,000	3,418,222
Balance	31 Dec 2020	40,222,000	6,793,754

For the options issued during the half year the valuation model inputs used to determine the fair value at the grant date are as follows:

	Grant date	Expiry date	Share price at grant	Exercise price	Expected volatility	Dividend yield	Risk-free rate	Fair value at grant
(1)	18/12/18	31/12/21	$0.160	$0.250	48%	0%	1.93%	$0.0326
(2)	14/08/19	14/08/22	$0.415	$0.413	100%	0%	0.67%	$0.2567
(3)	20/11/19	20/11/22	$0.565	$0.617	100%	0%	0.71%	$0.3394
(4)	20/11/19	20/11/22	$0.565	$0.537	100%	0%	0.71%	$0.3546
(5)	07/05/18	08/05/21	$0.345	$0.395	50%	0%	2.15%	$0.1076
(6)	10/06/20	11/06/25	$0.355	$0.410	80%	0%	0.41%	$0.2150
(7)	13/06/19	13/06/22	$0.425	$0.413	80%	0%	0.99%	$0.2236
(8)	08/10/20	08/10/23	$0.410	$0.400	75%	0%	0.15%	$0.2015
(9)	15/10/20	14/10/24	$0.420	$0.583	80%	0%	0.42%	$0.2030

Note 7. Contingent assets

The consolidated entity has no contingent assets for the half-year ended 31 December 2020.

Note 8. Events after the reporting period

The impact of the Coronavirus ('COVID-19') pandemic is ongoing for the consolidated entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

In January 2021 600,000 shares were issued on exercise of 600,000 options at an exercise price of $0.25 per option and 3,370,525 shares were issued on exercise of 10,800,000 unlisted options utilising the cashless exercise facility provided in the Company's Equity Incentive Plan at a notional price of $0.5742.

In February 2021 650,000 options expiring 5 February 2024 and exercisable to $0.517 were issued for nil consideration to consultants and 35,294 shares were issued on exercise of 35,294 options at an exercise price of $0.25 per option.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 9. Commitments and contingences

There has been no change in contingent liabilities or commitments since the last annual reporting date.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Paul Anderson
Director
26 February 2021
Perth

INDEPENDENT AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ORTHOCELL LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Orthocell Limited (the company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2020, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Orthocell Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

Independence

We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

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Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF Perth

PKF PERTH

SHANE CROSS
PARTNER

26 FEBRUARY 2021
WEST PERTH
WESTERN AUSTRALIA