1. Company details

Name of entity:	Allegra Orthopaedics Limited
ABN:	71 066 281 132
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

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2. Results for announcement to the market

				$
Revenues from ordinary activities	down	7.8%	to	1,561,082
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	down	40.4%	to	(450,314)
Loss from ordinary activities after tax attributable to the owners of Allegra Orthopaedics Limited	down	33.5%	to	(840,715)
Loss for the half-year attributable to the owners of Allegra Orthopaedics Limited	down	33.5%	to	(840,715)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $840,715 (31 December 2021: $1,264,772).

The consolidated entity continues to operate in two distinct business segments, the Orthopaedics Division and the Innovation Division. The Orthopaedics Division is engaged in the sale and distribution of its medical device product portfolio, while the Innovation Division invests resources in the development and commercialization of new products. Corporate expenses are not allocated to these segments and are presented as separate line items in our financial reporting.

The earnings before interest, tax, depreciation and amortisation ('EBITDA') for the consolidated entity was a loss of $450,314 (31 December 2021: $906,433).

The Orthopaedics Division experienced an improvement in EBITDA performance, with a gain of $82,120 compared to the loss of $158,800 reported in the previous year (31 December 2021). This positive development can be attributed to the consolidation entity's proactive cost-cutting measures implemented in response to the unfavourable market conditions brought on by the COVID-19 pandemic.

The Innovation Division reported an EBITDA loss of $333,480 (31 December 2021: EBITDA loss of $534,314). The consolidated entity continues to invest resources towards achieving FDA regulatory approval for its Sr-HT-Gahnite Cervical Spinal Cage. (refer to ASX announcement 11 August 2022).

Total Corporate overhead costs not allocated to either Division were $198,954 (31 December 2021: $213,319), representing a 6.7% cost reduction achieved by effectively managing resources and achieving operational efficiency.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS'). The directors consider EBITDA to reflect the core earnings of the consolidated entity.

The following table summarises key reconciling items between statutory profit/(loss) after tax attributable to the shareholders of the company and EBITDA.

	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Loss after income tax	(840,715)	(1,264,772)
Add: Depreciation and amortisation	258,707	313,382
Add: Finance cost	131,694	44,957
EBITDA	(450,314)	(906,433)

Further information on the review of operations, financial position and future strategies is detailed in the Review of operations section of the Directors' report, which is part of the Interim Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.70	2.54

Calculated as follows:

	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Net assets	1,299,766	3,355,878
Less: Right-of-use assets	(57,568)	(97,274)
Less: Intangibles	(513,127)	(635,345)
Net tangible assets	729,071	2,623,259
Total shares issued	104,459,203	104,459,203

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of Allegra Orthopaedics Limited for the half-year ended 31 December 2022 is attached.

11. Signed

Signed ______________________________ Date: 24 February 2023

Peter Kazacos
Director
Sydney

Allegra Orthopaedics Limited

ABN 71 066 281 132

Interim Report - 31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Allegra Orthopaedics Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

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

Peter Kazacos, Chair and Independent Non-Executive Director
Sean Mulhearn, Independent Non-Executive Director
Nicholas Hartnell, Non-Executive Director

Principal activities
During the financial half-year the principal continuing activities of the consolidated entity are as follows:
- The sale, design and distribution of its medical device product range within its Orthopaedic Division; and
- Within the Innovation Division, advancing the development and commercialisation of innovative technologies into products which can be taken to market. The current major project being a ceramic bone substitute which is both load bearing and biocompatible.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $840,715 (31 December 2021: $1,264,772).

Operations

Revenue
Total revenue from ordinary activities for the half-year ended 31 December 2022 was $1,561,082 (31 December 2021: $1,693,463).

A comparison of half-year revenue compared with previous half-year is as follows:

	31 Dec 2022 $	31 Dec 2021 $	Change $	Change %
Sale of goods	1,539,659	1,629,473	(89,814)	(6%)
Commissions revenue	21,423	63,990	(42,567)	(67%)

The negative impact of the COVID-19 pandemic on the company's financial performance was more prolonged than initially anticipated, leading to a decrease in both product revenue (by 6%) and commission revenue (by 67%) compared to the prior half-year. The Orthopaedics Division was particularly affected by the cancellation of elective surgeries caused by the pandemic, resulting in reduced revenue.

Other income

	31 Dec 2022 $	31 Dec 2021 $	Change $	Change %
Other income	391,254	487,400	(96,146)	(20%)

‘Other income’ decreased by 20% compared with the previous half-year. Revenue recognised from Grants awarded to the consolidated entity was $nil in the six months to 31 December 2022 (31 December 2021: $16,500).

Expenses
A comparison of half-year expenses compared with previous half-year is as follows:

	31 Dec 2022 $	31 Dec 2021 $	Change $	Change %
Cost of sales and purchases of consumables	(780,273)	(851,978)	71,705	(8%)
Corporate and administration expenses	(842,465)	(920,571)	78,106	(8%)
Quality and research and development expenses	(746,005)	(1,202,460)	456,455	(38%)
Sales and marketing expenses	(292,614)	(425,669)	133,055	(31%)
Finance costs	(131,694)	(44,957)	(86,737)	193%

In the current reporting period, the cost of sales and purchases of consumables showed a reduction of 8% compared to the previous half-year due to a decline in product sales. Meanwhile, the company's corporate and administration expenses decreased by 8% as a result of cost-saving initiatives adopted by the consolidated entity.

Additionally, the consolidated entity's focus on securing FDA regulatory approval for its Sr-HT-Gahnite Cervical Spinal Cage has led to a 38% decrease in quality and research and development expenses compared to the previous half-year.

The company has also made considerable efforts to improve its sales performance, leading to a 31% decrease in sales and marketing expenses, achieved through restructuring its sales team and agent structure.

Earnings before interest, tax, depreciation and amortisation ('EBITDA')
The consolidated entity recorded a positive shift in its earnings before interest, tax, depreciation, and amortisation (EBITDA), registering an EBITDA loss of $450,314 for the half-year (31 December 2021: $906,433). This improvement can be attributed to the cost-saving initiatives implemented by the consolidated entity and the decreased spending on research studies for the Sr-HT-Gahnite Cervical Spinal Cage, demonstrating a commitment to financial discipline and efficient resource allocation.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

The following table summarises key reconciling items between statutory loss after tax attributable to the shareholders of the company and EBITDA.

	Consolidated	
	31 Dec 2022 $	31 Dec 2021 $
Loss after income tax	(840,715)	(1,264,772)
Add: Depreciation and amortisation	258,707	313,382
Add: Finance cost	131,694	44,957
EBITDA	(450,314)	(906,433)

Significant changes in the state of affairs

On 11 August 2022, the consolidated entity announced that it is facing ongoing financial challenges due to the prolonged impact of the COVID-19 pandemic on its Orthopaedic Division, resulting in a material impact on the revenue generated from the sale and distribution of its medical device product portfolio. To mitigate this impact, the company's Board of Directors is exploring various options, including the possible divestment of the Orthopaedic Division. This move would allow the company to focus exclusively on its medical innovation projects and potentially attract new investors who are interested in these projects. The Innovation Division continues to show positive results from the Sr-HT-Gahnite commercialisation project, and the company is considering a capital raise to support the ongoing FDA approval process for the Sr-HT-Gahnite Cervical Spinal Cage, expected in early 2023.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 2 February 2023, the consolidated entity announced that the continued impact of the COVID-19 pandemic on its trading revenues has extended for a longer period than initially expected. The company anticipates a 7.4% decrease in its Orthopaedic Division trading revenues for the six months ending 31 December 2022, compared to the previous corresponding period. However, the outlook for the year's second half is optimistic, with expectations of resuming pre-COVID-19 levels, as there have already been strong case bookings for February 2023.

The Innovation Division, which remains focused on commercialising the Sr-HT-Gahnite Cervical Spinal Cage, continues to see positive results. The company aims to submit this project for regulatory approval with the FDA by the end of March 2023. In order to fast-track this commercialisation project, Allegra's Board of Directors is exploring various opportunities to raise capital, which may include the sale of certain intellectual property rights or divestment of part of the intellectual property related to the Sr-HT-Gahnite bio ceramic material. Any such sale or divestment will comply with ASX Listing Rule requirements.

On 22 February 2023, the consolidated entity announced positive results for its flagship innovation project, the Sr–HT–Gahnite Spinal Cage Device, upon completion of the large animal sheep study. The study achieved its primary endpoint with no safety concerns observed and demonstrated safety and performance outcomes equivalent to an FDA-cleared product. The study achieved the acceptance criteria with regards to bone healing response, biocompatibility, and no adverse effects on the animals. The positive results are important steps towards Allegra's FDA 510(k) submission, which is on track to be submitted by the end of March 2023.

No other matter or circumstance has arisen since 31 December 2022 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.

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 immediately after this directors' report.

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

Peter Kazacos
Director

24 February 2023
Sydney

Crowe Sydney
ABN 97 895 683 573
Level 24 1 O'Connell Street
Sydney NSW 2000
Australia
Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowe.com.au

24 February 2023

The Board of Directors
Allegra Orthopaedics Limited
Level 8, 18-20 Orion Road,
Lane Cove West, NSW 2066

Auditor's Independence Declaration Under Section 307C of the *Corporations* Act *2001* to Directors of Allegra Orthopaedics Limited

As lead auditor for the review of the half year financial report of Allegra Orthopaedics Limited for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, that there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely

Crowe Sydney .

Crowe Sydney

B Rd

Barbara Richmond
Partner

	Note	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Revenue from contracts with customers	4	1,561,082	1,693,463
Other income			
Other income	5	391,254	487,400
Expenses			
Cost of sales and purchases of consumables		(780,273)	(851,978)
Corporate and administration expenses		(842,465)	(920,571)
Quality and research and development expenses		(746,005)	(1,202,460)
Sales and marketing expenses		(292,614)	(425,669)
Finance costs		(131,694)	(44,957)
Loss before income tax expense		(840,715)	(1,264,772)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Allegra Orthopaedics Limited		(840,715)	(1,264,772)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Allegra Orthopaedics Limited		(840,715)	(1,264,772)
		Cents	**Cents**
Basic earnings per share	13	(0.80)	(1.21)
Diluted earnings per share	13	(0.80)	(1.21)

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

Allegra Orthopaedics Limited
Statement of financial position
As at 31 December 2022

	Note	Consolidated 31 Dec 2022 $	Consolidated 30 Jun 2022 $
Assets			
Current assets			
Cash and cash equivalents		606,920	206,332
Trade and other receivables		790,982	1,197,529
Inventories		2,767,667	2,845,763
Prepayments		175,824	130,857
Total current assets		4,341,393	4,380,481
Non-current assets			
Property, plant and equipment	6	316,894	446,006
Right-of-use assets	7	57,568	135,614
Intangibles	8	513,127	541,246
Security deposits		105,615	105,615
Total non-current assets		993,204	1,228,481
Total assets		5,334,597	5,608,962
Liabilities			
Current liabilities			
Trade and other payables		948,303	914,273
Borrowings	9	2,266,197	326,395
Lease liabilities		58,174	136,268
Employee benefits		185,179	198,687
Total current liabilities		3,457,853	1,575,623
Non-current liabilities			
Borrowings	9	566,978	1,869,316
Employee benefits		-	21,717
Provisions		10,000	10,000
Total non-current liabilities		576,978	1,901,033
Total liabilities		4,034,831	3,476,656
Net assets		1,299,766	2,132,306
Equity			
Issued capital	10	15,366,235	15,366,235
Share-based payments reserve		866,628	858,453
Accumulated losses		(14,933,097)	(14,092,382)
Total equity		1,299,766	2,132,306

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

Consolidated	Issued capital $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2021	15,366,235	764,204	(11,557,054)	4,573,385
Loss after income tax expense for the half-year	-	-	(1,264,772)	(1,264,772)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,264,772)	(1,264,772)
Transactions with owners in their capacity as owners:				
Share-based payments	-	47,265	-	47,265
Balance at 31 December 2021	15,366,235	811,469	(12,821,826)	3,355,878

Consolidated	Issued capital $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2022	15,366,235	858,453	(14,092,382)	2,132,306
Loss after income tax expense for the half-year	-	-	(840,715)	(840,715)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(840,715)	(840,715)
Transactions with owners in their capacity as owners:				
Share-based payments	-	8,175	-	8,175
Balance at 31 December 2022	15,366,235	866,628	(14,933,097)	1,299,766

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

	Consolidated	
	31 Dec 2022	31 Dec 2021
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,676,808	2,061,217
Payments to suppliers and employees (inclusive of GST)	(2,519,666)	(3,542,207)
	(842,858)	(1,480,990)
Interest and other finance costs paid	(131,694)	(41,791)
Income taxes refunded relating to research and development	839,200	841,260
Net cash used in operating activities	(135,352)	(681,521)
Cash flows from investing activities		
Payments for property, plant and equipment	(8,421)	(81,738)
Payments for intangibles	(14,714)	(13,745)
Net cash used in investing activities	(23,135)	(95,483)
Cash flows from financing activities		
Proceeds from borrowings	225,626	-
Repayment of borrowings	-	(54,167)
Proceeds from related parties borrowings	500,000	900,000
Repayment of insurance loan	(88,162)	(103,118)
Repayment of lease liabilities	(78,389)	(55,682)
Grant received	-	49,500
Net cash from financing activities	559,075	736,533
Net increase/(decrease) in cash and cash equivalents	400,588	(40,471)
Cash and cash equivalents at the beginning of the financial half-year	206,332	363,223
Cash and cash equivalents at the end of the financial half-year	606,920	322,752

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Allegra Orthopaedics Limited as a consolidated entity consisting of Allegra Orthopaedics Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Allegra Orthopaedics Limited's functional and presentation currency.

Allegra Orthopaedics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8
18-20 Orion Road
Lane Cove West, NSW 2066

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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.

Going concern

These financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the half year ended 31 December 2022, the consolidated entity incurred a net loss after tax of $840,715 (31 December 2021: $1,264,772) and cash outflows from operating activities of $135,352 (31 December 2021: $681,521). As at 31 December 2022, the consolidated entity had net current assets of $883,540 (30 June 2022: $2,804,858) and net assets of $1,299,766 (30 June 2022: $2,132,306).

Note 2. Significant accounting policies (continued)

While the consolidated entity incurred losses and cash outflows from operating activities for the half year ended 31 December 2022, in assessing the appropriateness of the going concern concept the following factors have been taken into consideration by the directors:

- On 11 August 2022 and 2 February 2023, the consolidated entity announced that it is exploring options, such as capital raising or a possible divestment of the Orthopaedic Division or the sale of certain intellectual property rights, in order to mitigate the prolonged negative impact caused by the COVID-19, as well as to fast-track the commercialisation of its Sr-HT-Gahnite Cervical Spinal Cage (refer to ASX announcement on 11 August 2022 and on 2 February 2023).
- It is expected that the Orthopaedics Division will recover its sales performance to pre-COVID levels in the second half of the current financial year, as there have already been strong case bookings for February 2023.
- The consolidated entity's expected R&D tax incentive refund for FY2023 is approximately $622,559.
- The consolidated entity has a $500,000 overdraft facility available for its operational use.
- The $2,000,000 related party loan can be converted to equity at the option of the consolidated entity when the loan expires in July 2023.
- Furthermore, the consolidated entity has the ability to flexibly manage expenses and avail of existing debt facilities going forward if required.

In making their assessment, the directors acknowledge that the ability of the consolidated entity to continue as a going concern is dependent on the achievement of a number of the factors as outlined above.

Due to the uncertainty surrounding the above matters, there is material uncertainty that may cast doubt upon the consolidated entity's ability to continue as a going concern, therefore, it may be unable to realise its assets and settle its liabilities in the normal course of business. However, the directors believe that the consolidated entity will be successful in the above matters and have prepared the financial report on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity is organised in two main operating segments, namely the orthopaedics and the innovation division. Corporate costs which cannot be allocated to a segment are listed separately. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Corporate costs have been separately disclosed during the half-year and better reflects the information the CODM uses. Accordingly, the comparative table has been restated for this change.

The CODM reviews earnings before interest, tax, depreciation and amortisation ('EBITDA'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

The consolidated entity operates predominantly in one geographical region being Australasia.

Note 3. Operating segments (continued)

Types of products and services
The principal products and services of each of these operating segments are as follows:

Orthopaedics division	This division has an extensive and well-established range of orthopaedic implant products and surgical instrumentation from Australian and international suppliers covering all specialities from foot and ankle, primary hip and knee, to complex lower limb revision arthroplasty and tumour solutions. The division constantly seeks out leading-edge products to include in its product offering for its customers and their patients.
Innovation division	The consolidated entity has an Innovation Division engaging a dedicated engineering team and a US-based Innovation & Technology Manager, with a mandate to explore and develop innovative early-stage technologies into commercially viable products available for manufacture by the company. Currently, the major project underway is the commercialisation of a cervical spinal fusion cage developed from the biocompatible ceramic material, Sr-HT-Gahnite. The Sr-HT-Gahnite is a highly porous and biocompatible calcium silicate. It has many advantages over existing synthetic bone materials, including strength and the ability to be 3D printed. Further applications for the Sr-HT-Gahnite include fixation screws that secure ligaments to the bone, a coating material along with a novel coating manufacturing process for existing and new implants to deposit the company's proprietary bioceramic material onto orthopaedic implants.
Corporate costs (unallocated)	Relates to the corporate running costs of the consolidated entity such as director and company secretary fees, audit fees, tax fees, annual reports, ASIC and ASX fees, as well as AGM costs and director insurance costs.

Intersegment transactions
Intersegment transactions were made at market rates. The orthopaedics division allocates a percentage of its overhead salaries to the innovation division. Intersegment transactions are eliminated on consolidation.

Consolidated - 31 Dec 2022	*Orthopaedics division* *$*	*Innovation division* *$*	*Corporate costs (unallocated)* *$*	*Total* *$*
Revenue				
Sale of goods	1,539,659	-	-	1,539,659
Commissions revenue	21,423	-	-	21,423
Total sales revenue	1,561,082	-	-	1,561,082
Government grants	-	-	-	-
Sundry income	25,394	-	-	25,394
Research and development tax offset	-	365,860	-	365,860
Total revenue	1,586,476	365,860	-	1,952,336
EBITDA	82,120	(333,480)	(198,954)	(450,314)
Depreciation and amortisation	(198,304)	(60,403)	-	(258,707)
Finance costs	(5,323)	(126,371)	-	(131,694)
Loss before income tax expense	(121,507)	(520,254)	(198,954)	(840,715)
Income tax expense				-
Loss after income tax expense				(840,715)

Note 3. Operating segments (continued)

Consolidated - 31 Dec 2021	*Orthopaedics division* *$*	*Innovation division* *$*	*Corporate costs (unallocated)* *$*	*Total* *$*
Revenue				
Sale of goods	1,629,473	-	-	1,629,473
Commissions revenue	62,109	-	-	62,109
Total sales revenue	1,691,582	-	-	1,691,582
Government grants	-	16,500	-	16,500
Sundry income	3,284	-	-	3,284
Research and development tax offset	-	467,616	-	467,616
Royalties	1,881	-	-	1,881
Total revenue	1,696,747	484,116	-	2,180,863
EBITDA	(158,800)	(534,314)	(213,319)	(906,433)
Depreciation and amortisation	(204,110)	(109,272)	-	(313,382)
Finance costs	(3,629)	(41,328)	-	(44,957)
Loss before income tax expense	(366,539)	(684,914)	(213,319)	(1,264,772)
Income tax expense				-
Loss after income tax expense				(1,264,772)

Note 4. Revenue from contracts with customers

	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Sale of goods	1,539,659	1,629,473
Commissions revenue	21,423	63,990
Revenue from contracts with customers	1,561,082	1,693,463

Disaggregation of revenue
The disaggregation of revenue is as follows:

	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Major customer groups		
Government	411,137	256,278
Non-government	1,149,945	1,437,185
	1,561,082	1,693,463
Geographical regions		
Australia	1,561,082	1,658,026
New Zealand	-	35,437
	1,561,082	1,693,463
Timing of revenue recognition		
Goods transferred at a point in time	1,561,082	1,693,463
Services transferred over time	-	-
	1,561,082	1,693,463

Note 5. Other income

	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Government grants	-	16,500
Sundry income	25,394	3,284
Research and development tax offset	365,860	467,616
Other income	391,254	487,400

Note 6. Property, plant and equipment

	Consolidated 31 Dec 2022 $	Consolidated 30 Jun 2022 $
Non-current assets		
Plant and equipment - at cost	335,497	335,497
Less: Accumulated depreciation	(267,886)	(247,496)
	67,611	88,001
Fixtures and fittings - at cost	117,077	115,535
Less: Accumulated depreciation	(109,578)	(105,483)
	7,499	10,052
Instrument sets - at cost	1,693,380	1,686,501
Less: Accumulated depreciation	(1,451,596)	(1,338,548)
	241,784	347,953
	316,894	446,006

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	*Plant and equipment $*	*Fixtures and fittings $*	*Instrument sets $*	*Total $*
Balance at 1 July 2022	88,001	10,052	347,953	446,006
Additions	-	1,542	6,879	8,421
Depreciation expense	(20,390)	(4,095)	(113,048)	(137,533)
Balance at 31 December 2022	67,611	7,499	241,784	316,894

Note 7. Right-of-use assets

	Consolidated 31 Dec 2022 $	Consolidated 30 Jun 2022 $
Non-current assets		
Land and buildings - right-of-use	227,765	308,800
Less: Accumulated depreciation	(170,197)	(173,186)
	57,568	135,614

Note 7. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Land and buildings - right-of-use $
Balance at 1 July 2022	135,614
Additions	295
Depreciation expense	(78,341)
Balance at 31 December 2022	57,568

Note 8. Intangibles

	Consolidated 31 Dec 2022 $	Consolidated 30 Jun 2022 $
Non-current assets		
Website - at cost	18,200	18,200
Less: Accumulated amortisation	(16,086)	(14,251)
	2,114	3,949
Patents and trademarks - at cost	1,132,054	1,117,341
Less: Accumulated amortisation	(646,174)	(620,250)
	485,880	497,091
New product line set-up costs - at cost	97,792	97,792
Less: Accumulated amortisation	(97,792)	(96,058)
	-	1,734
Regulatory costs - at cost	79,390	79,390
Less: Accumulated amortisation	(54,257)	(40,918)
	25,133	38,472
	513,127	541,246

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Website $	Patents and trademarks $	New product line set-up costs $	Regulatory costs $	Total $
Balance at 1 July 2022	3,949	497,091	1,734	38,472	541,246
Additions	-	14,714	-	-	14,714
Amortisation expense	(1,835)	(25,925)	(1,734)	(13,339)	(42,833)
Balance at 31 December 2022	2,114	485,880	-	25,133	513,127

Note 9. Borrowings

	Consolidated	
	31 Dec 2022	30 Jun 2022
	$	$
Current liabilities		
Bank loans	248,565	220,601
Related party loans	2,000,000	-
Insurance loans	17,632	105,794
	2,266,197	326,395
Non-current liabilities		
Bank loans	566,978	369,316
Related party loans	-	1,500,000
	566,978	1,869,316

Bank loans
The consolidated entity has two bank loans and an overdraft facility with Commonwealth Bank of Australia ('CBA'):

Loan one was acquired under the Government Coronavirus SME Guarantee Scheme and entered into in November 2020. The loan limit is $250,000 with a variable rate of 4.5% pa and a term of three years with principal and interest repayments. Monthly repayments are $9,028. As of 31 December 2022, this loan is fully draw-down, and the remaining loan balance is $37,941.

Loan two was acquired under the Government SME Recovery Loan Scheme and entered into in April 2022. The loan limit is $800,000 with a variable rate of 5.24% pa and a term of five years with interest-only repayment for the first six months, followed by monthly principal and interest repayments for the remaining term of the loan. Monthly principal and interest repayments are $17,552. As of 31 December 2022, this loan is fully draw-down.

As of 31 December 2022, the consolidated entity has an unused overdraft facility with a credit limit of $500,000. The overdraft facility remains available for the consolidated entity to utilise when required.

Related party loans
The consolidated entity has a related party loan facility with Robinwood Investment Pty. The facility limit is $2,000,000 with a fixed interest rate of 13% pa. The loan term is two years from the first draw-down (30 July 2021) with interest-only repayment, and the loan repayment date is 24 months from the first draw-down date with an option to be converted into equity at the option of the consolidated entity. As of 31 December 2022, this loan is fully draw-down. Robinwood Investment Pty Ltd is an entity associated with Nicholas Hartnell, a consolidated entity director.

Note 10. Issued capital

	Consolidated			
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Shares	Shares	$	$
Ordinary shares - fully paid	104,459,203	104,459,203	15,366,235	15,366,235

Note 11. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 12. Contingent liabilities

The consolidated entity has a bank guarantee totalling $105,615 at 31 December 2022 (30 June 2022: $105,615) in relation to support office rental commitments.

Note 13. Earnings per share

	Consolidated 31 Dec 2022 $	Consolidated 31 Dec 2021 $
Loss after income tax attributable to the owners of Allegra Orthopaedics Limited	(840,715)	(1,264,772)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	104,459,203	104,459,203
Weighted average number of ordinary shares used in calculating diluted earnings per share	104,459,203	104,459,203
	Cents	**Cents**
Basic earnings per share	(0.80)	(1.21)
Diluted earnings per share	(0.80)	(1.21)

Options have been excluded from the above calculation of diluted earnings per share as their inclusion would be anti-dilutive.

Note 14. Events after the reporting period

On 2 February 2023, the consolidated entity announced that the continued impact of the COVID-19 pandemic on its trading revenues has extended for a longer period than initially expected. The company anticipates a 7.4% decrease in its Orthopaedic Division trading revenues for the six months ending 31 December 2022, compared to the previous corresponding period. However, the outlook for the year's second half is optimistic, with expectations of resuming pre-COVID-19 levels, as there have already been strong case bookings for February 2023.

The Innovation Division, which remains focused on commercialising the Sr-HT-Gahnite Cervical Spinal Cage, continues to see positive results. The company aims to submit this project for regulatory approval with the FDA by the end of March 2023. In order to fast-track this commercialisation project, Allegra's Board of Directors is exploring various opportunities to raise capital, which may include the sale of certain intellectual property rights or divestment of part of the intellectual property related to the Sr-HT-Gahnite bio ceramic material. Any such sale or divestment will comply with ASX Listing Rule requirements.

On 22 February 2023, the consolidated entity announced positive results for its flagship innovation project, the Sr–HT–Gahnite Spinal Cage Device, upon completion of the large animal sheep study. The study achieved its primary endpoint with no safety concerns observed and demonstrated safety and performance outcomes equivalent to an FDA-cleared product. The study achieved the acceptance criteria with regards to bone healing response, biocompatibility, and no adverse effects on the animals. The positive results are important steps towards Allegra’s FDA 510(k) submission, which is on track to be submitted by the end of March 2023.

No other matter or circumstance has arisen since 31 December 2022 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.

In the directors' opinion:

- the attached financial statements and notes 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 give a true and fair view of the consolidated entity's financial position as at 31 December 2022 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

Peter Kazacos
Director

24 February 2023
Sydney

Crowe Sydney
ABN 97 895 683 573
Level 24 1 O'Connell Street
Sydney NSW 2000
Australia
Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowe.com.au

Independent Auditor's Review Report to the Members of Allegra Orthopaedics Limited

Conclusion

We have reviewed the half-year financial report of Allegra Orthopaedics Limited (the Company) and its subsidiaries (the Consolidated entity), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Consolidated entity does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2022 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 of Conclusion

We conducted our review in accordance with ASRE 2415 *Review of 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. We are independent of the Consolidated entity 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial report, which indicates that the Consolidated Entity has incurred a loss after tax of $840,715 for half year ended December 31, 2022, and net operating cash outflows during the same period amounted to $135,352. These conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control 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 Responsibility 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 2415 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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations 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.

Crowe Sydney

Barbara Richmond
Partner

24 February 2023

