



Orthocell Limited
ABN 57 118 897 135

ASX Half-Year Report for 6 months to 31st December 2023

Provided to the ASX under Rule 4.2.A.3

This report is to be read in conjunction with the Annual Report for the year ended 30th June 2023 and any public announcements made during the reporting period, in accordance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Contents:

Results for announcement to the market

Half-Year Report

Appendix 4D

Half-year report for the 6 months to 31 December 2023

Orthocell Limited - ABN 57 118 897 135

1. Reporting period

Report for the half year ended 31 December 2023 (previous period half year ended 31 December 2022).

2. Results for announcement to the market

	31 Dec 2023	31 Dec 2022	% change
Revenues from ordinary activities	3,277,708	2,149,360	52.5%
Loss from ordinary activities after tax attributable to the owners of Orthocell Limited	(5,230,035)	(4,056,598)	28.9%
Loss for the half-year attributable to the owners of Orthocell Limited	(5,230,035)	(4,056,598)	28.9%

Full details are in the attached Interim Report of Orthocell Limited for the half-year ended 31 Dec 2023.

3. Net tangible assets per security

	31 Dec 2023	31 Dec 2022
Net tangible assets per ordinary security	\$0.005	\$0.025

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

		31 Dec 2023	31 Dec 2022
Orthocell UK Ltd	United Kingdom	100%	100%
Orthocell (US) LLC	United States of America	100%	100%

6. Gain or loss of control over entities

There were no changes in the control of subsidiaries during the half year.

Appendix 4D (continued)

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 2023 was subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Attachments

The Interim Report of Orthocell Limited for the half-year ended 31 December 2023 is attached.

10. Signed



Paul Anderson
Managing Director

Date: 23 February 2024
Perth

Regenerating Mobility

Half-Year Report

31 December 2023



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CORPORATE DIRECTORY

Board of Directors

John Van Der Wielen

Independent Non-Executive Chair, appointed 1 June 2023

Mr Paul Anderson

Managing Director, appointed 21 March 2006

Dr Ravi I Thadhani

Independent Non-Executive Director, appointed 8 March 2023

Professor Fiona Wood

Independent Non-Executive Director, appointed 1 November 2023

Mr Kim Beazley

Independent Non-Executive Director, appointed 15 January 2024

Company Secretary

Mr Peter Gordon Webse, appointed 1 March 2023

Registered Office & Principal Place of Business

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

Share Register

Automatic Registry Services

Level 2, 267 St Georges Terrace, Perth WA 6000, Australia

Auditor

PKF Perth

5th 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 2023.

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:

- **Mr John Van Der Wielen, Independent Non-Executive Chairman**
- **Mr Paul Anderson, Managing Director & CEO**
- **Dr Ravi Thadhani, Independent Non-Executive Director**
- **Professor Fiona Wood, Independent Non-Executive Director (appointed 1 November 2023)**
- **Mr Kim Beazley, Independent Non-Executive Director (appointed 15 January 2024)**
- Dr Stewart Washer, Executive Director (resigned 21 December 2023)
- Mr Matthew Callahan, Non-Executive Director (resigned 15 January 2024)
- Professor Lars Lidgren, Independent Non-Executive Director (resigned 30 September 2023)
- Mr Qi Xiao Zhou, Non-Executive Director (resigned 1 November 2023)
- Ms Leslie Wise, Executive Director (resigned 21 September 2023)

2. Principal activities

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

¹ Based on the number of Orthocell's shares on issue at the date of this announcement (including the 646,687 shares UWA already holds as at the date of this announcement), plus the number of

3. Summary review of operations

During the half year Orthocell reported increasing total revenue to \$3.3 million in the half year ended 31 Dec 2023, up 52% from the half year ended 31 Dec 2022 of \$2.1 million. Along with growing revenues, the Company achieved key milestones including completion of the Board renewal program, solidifying a long-term partnership with University of Western Australia, progression of its pivotal nerve repair study (Remplir™) to support US regulatory approval and completing its breakthrough pre-market clinical study showing its cell therapy for tendon repair (OrthoATI™) is as effective as surgery in the treatment of lateral epicondylitis.

Strengthening Corporate Governance

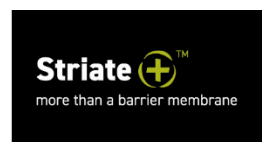
Since the new chair, John Van Der Wielen, joined the board, a focus on improved governance and board renewal has taken place. Two new high profile and Independent Directors have joined the Company (NEDs), Professor Fiona Wood AM (appointed Nov 2023) and the Hon Kim Beazley AC (appointed Jan 2024).

The Board is now majority independent with four Non-Executive Directors (John Van Der Wielen, Dr Ravi Thadhani, Professor Fiona Wood AM and the Hon Kim Beazley AC) and one Executive Director (Mr Paul Anderson).

Solidifying long term partnership with University of Western Australia

Orthocell entered into a Royalty Agreement with the University of Western Australia to exchange all royalty entitlements for shares in Orthocell.

The Company issued UWA 1.70 million fully paid ordinary shares at a deemed issue price of \$0.35 per share under its existing Listing Rule 7.1 placement capacity. As a result of the issue, UWA will hold 2.35 million shares (1.18%) in OCC on an undiluted basis.¹



Striate+™
more than a barrier membrane

Striate+™ is a market leading resorbable collagen membrane used in guided bone and tissue regeneration procedures. Clinical studies have shown Striate+ supported transition from a two-stage to a single-stage dental procedure,

shares to be issued to UWA under the Royalty Agreement, and assuming no existing convertible securities as at the date of this announcement are converted.



DIRECTORS REPORT

reducing the procedure time and recovery periods by several months. In July 2022, the Company executed a global exclusive licence, manufacturing and distribution agreement with BioHorizons Implant Systems Inc (BioHorizons), one of the largest dental implant companies, for its Striate+ premium dental membrane.

BioHorizons update

Sales to BioHorizons have continued to build momentum with a 21% growth in Striate+ revenue from \$1.4M in the half year ended 31 Dec 2022 to \$1.7M in the half year ended 31 Dec 2023.

BioHorizons has been actively promoting and selling Striate+ to dental surgeons in the US for just over twelve months launching in the US in November 2022. Ramp up of Striate+ product sold in this short period has been consistent with BioHorizon's initial guidance and continues to build momentum. Feedback regarding the products performance from BioHorizons sales team has been excellent, with uptake driven by the surgeons' preference for a high-quality dental membrane that is easier to use and facilitates better patient outcomes.

BioHorizons Camlog, a wholly owned subsidiary of BioHorizons headquartered in Basel, Switzerland announced the official launch of Striate+, for use in guided bone and tissue regeneration in the EU in October 2023. BioHorizons Camlog are now actively promoting the use of Striate+ in the EU and is exclusively available for ordering in Belgium, France, Ireland, Italy, Netherlands, Portugal, Spain and UK.

The Company continues to assist BioHorizons' marketing and regulatory team with online Striate+™ training programs, US promotional activities and market entry plans for Canada and Brazil.



Remplir™ Nerve Regeneration

Remplir™ is a collagen nerve wrap used in the

repair of peripheral nerve injuries. It provides compression-free protection to the nerve, generating an ideal microenvironment to aid nerve healing. Remplir is proving to be an important step forward in the improvement of nerve repair surgery and return of function to paralysed limbs. The Company appointed Device Technologies (DVT) as the exclusive distributor of

Remplir across Australia and New Zealand in September 2022 and has been working with DVT to establish key accounts with leading plastic, reconstructive and orthopaedic specialists in Australia and New Zealand.

Device Technologies update

Sales to DVT have continued to build momentum with 154% growth in Remplir revenue from \$175K in the half year ended Dec 2022 to \$445K in the half year ended Dec 2023.

DVT officially launched Remplir in Australia in November 2022, with a focus on supplying existing orthopaedic and plastic reconstructive KOL accounts. The ramp up of product sold since market launch has been significantly better than expected with 100+ orthopaedic and plastic surgeons now using Remplir in peripheral nerve repair surgeries, from facial to upper and lower limb nerves, across Australia and New Zealand. Feedback from DVT salesforce has been very encouraging, with adoption driven by Remplir's unique qualities that enable less suturing, creation of the optimal healing microenvironment and facilitation of free gliding within the repair site during the critical healing period.

The DVT team are executing a very comprehensive customer engagement program designed to continue momentum in product adoption and to grow the establishment of new orthopaedic and plastic reconstructive accounts. The Company continues to actively assist DVT with a series of targeted Remplir education and training events, including surgeon engagement roadshows, congress attendance and other scientific meetings across Australia and New Zealand.

Nerve repair study for US regulatory approval

On 18 April 2023, Orthocell announced the commencement of a comparator study as part of a comprehensive pre-clinical and clinical development program in nerve repair and regeneration to achieve US regulatory approval.

The study provides information regarding mechanism of action that is not possible to collect in human clinical trials. The outcomes from the study will support product marketing initiatives and international regulatory approval and reimbursement strategies for Remplir. The Company anticipates study completion in Q2 2024 with results to follow.



DIRECTORS REPORT

The Company also continues to work closely with US regulatory and reimbursement consultants, to evaluate opportunities for expedited approval and reimbursement of Remplir for nerve regeneration.



OrthoATI™ Tendon Regeneration

OrthoATI is a world-leading cell therapy in development for the treatment of chronic degenerative tendon injuries (tendinopathy/tendonitis). OrthoATI 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\$7.7bn² and growing.

During the half year Orthocell announced results from its clinical study comparing OrthoATI to surgery for the treatment of severe, chronic, treatment-resistant lateral epicondylitis ('LE Study'). The data confirmed that the study met its primary endpoint, demonstrating that OrthoATI is as effective as surgery in the treatment of lateral epicondylitis. OrthoATI patients experienced almost complete resolution of pain by 1-month post-treatment compared to 6 months after treatment in the surgery group. Notably, participants in the OrthoATI group demonstrated a statistically significant improvement of return of function in half the time than the surgery group.

With this successful study in lateral epicondylitis completed, Orthocell is now well positioned to engage partners to explore the next stage of development of the product for US FDA registration. The Company will look to appoint a US based corporate adviser to assist the Company in securing a strategic partner to progress OrthoATI without the need for significant investment in the near term.

Outlook

Orthocell remains focused on working with its marketing and distribution partners (BioHorizons for Striate+™ in dental bone & soft tissue repair and Device Technologies for nerve repair) to establish key accounts and grow product adoption. This includes assisting partners with

increasing international product awareness, growing product use in centres of excellence & growing the base of brand ambassadors led by its KOL's, designed to optimise shareholder value. Over the medium term, Orthocell intends to accelerate the most appropriate regulatory programs for the US market introduction of the nerve indications, in parallel to the commercialisation of OrthoATI & pipeline products.

Corporate

The loss for the consolidated entity after income tax for the half-year amounted to \$5,230,035 (31 December 2022: \$4,056,598).

At 31 December 2023 Orthocell held a cash balance of A\$19,624,133. Orthocell's strong cash position enables the Company to drive further development of its Remplir™ nerve product and pipeline of regenerative medicine products, delivering significant shareholder value.

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
23 February 2024
Perth

² Addressable market estimate was developed by the Company using reports from US healthcare databases and referenced papers of studies conducted both within and outside the US.



AUDITOR'S INDEPENDENCE DECLARATION



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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 2023, 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

Simon Fermanis

SIMON FERMANIS
PARTNER

23 February 2024
WEST PERTH,
WESTERN AUSTRALIA

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Revenue			
Sales revenue	3	1,405,417	846,859
Cost of goods sold		<u>(805,102)</u>	<u>(444,771)</u>
Gross profit		600,315	402,088
Other revenue	3	1,872,291	1,302,501
Expenses			
Research & development & laboratory costs		(3,839,443)	(3,577,363)
Sales & marketing, & business development		(1,607,663)	(804,688)
Administrative & general		<u>(2,255,535)</u>	<u>(1,379,136)</u>
	4	<u>(7,702,641)</u>	<u>(5,761,187)</u>
Loss before income tax expenses		(5,230,035)	(4,056,598)
Income tax benefit		<u>-</u>	<u>-</u>
Loss after income tax expenses		(5,230,035)	(4,056,598)
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss		<u><u>(5,230,035)</u></u>	<u><u>(4,056,598)</u></u>
Loss per share		\$	\$
Basic earnings per share		(0.026)	(0.021)
Diluted earnings per share		(0.026)	(0.021)

Note: the above consolidated 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 2023

	Note	31 Dec 2023 \$	30 Jun 2023 \$
Assets			
Current assets			
Cash and cash equivalents		19,624,133	24,817,962
Trade and other receivables	5	861,039	843,268
Inventories		1,106,224	1,034,129
Other		73,367	171,015
Total current assets		<u>21,664,763</u>	<u>26,866,374</u>
Non-current assets			
Property, plant and equipment		1,419,561	1,121,200
Right-of-use assets		745,987	484,857
Intangibles		1,085,811	1,133,052
Total non-current assets		<u>3,251,359</u>	<u>2,739,109</u>
Total assets		<u>24,916,122</u>	<u>29,605,483</u>
Liabilities			
Current liabilities			
Trade and other payables		1,289,837	877,047
Lease liabilities		143,210	180,629
Employment benefits		606,865	599,851
Contract liabilities		2,304,000	2,304,000
Other		367,900	568,741
Total current liabilities		<u>4,711,812</u>	<u>4,530,268</u>
Non-current liabilities			
Lease liabilities		616,677	381,676
Employment benefits		186,145	169,358
Contract liabilities		17,223,228	18,375,228
Total non-current liabilities		<u>18,026,050</u>	<u>18,926,262</u>
Total Liabilities		<u>22,737,862</u>	<u>23,456,530</u>
Net assets		<u>2,178,260</u>	<u>6,148,953</u>
Equity			
Issue capital	6	58,589,243	57,897,993
Share-based payment reserve	7	7,863,088	7,335,298
Accumulated losses		(64,274,071)	(59,084,338)
Total equity		<u>2,178,260</u>	<u>6,148,953</u>

Note: the above consolidated 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 2023

	Issued Capital	Share-based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2022	57,476,080	5,913,911	(53,485,357)	9,904,634
Loss after income tax expense	-	-	(4,056,598)	(4,056,598)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	-	-
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity				
Share equity costs	-	-	-	-
Expiry of options	-	(649,200)	649,200	-
Exercise of options/warrants	379,913	(379,913)	-	-
Issue of options	-	359,290	-	359,290
Balance at 31 December 2022	<u>57,855,993</u>	<u>5,244,088</u>	<u>(56,892,755)</u>	<u>6,207,326</u>
Balance at 1 July 2023	57,897,993	7,335,298	(59,084,338)	6,148,953
Loss after income tax expense	-	-	(5,230,035)	(5,230,035)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	-	-
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity	691,250	-	-	691,250
Share equity costs	-	-	-	-
Expiry of options	-	(40,302)	40,302	-
Issue of options	-	568,092	-	568,092
Balance at 31 December 2023	<u>58,589,243</u>	<u>7,863,088</u>	<u>(64,274,071)</u>	<u>2,178,260</u>

Note: the above consolidated 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 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,793,869	962,369
Payments to suppliers & employees (inclusive of GST)		(7,036,669)	(6,094,881)
License fee received		-	21,461,686
Interest received		461,079	122,567
		<u>461,079</u>	<u>122,567</u>
Net cash from/(used in) operating activities		<u>(4,781,721)</u>	<u>16,451,741</u>
Cash flows from investing activities			
Payments for intangible assets		(7,134)	(52,305)
Payments for property, plant & equipment		(410,158)	(520,338)
		<u>(417,292)</u>	<u>(572,643)</u>
Net cash used in investing activities		<u>(417,292)</u>	<u>(572,643)</u>
Cash flows from financing activities			
Share subscription funds received		91,250	-
Lease payments		(86,066)	(81,894)
		<u>5,184</u>	<u>(81,894)</u>
Net cash from/(used in) financing activities		<u>5,184</u>	<u>(81,894)</u>
Net (decrease)/increase in cash and cash equivalents		(5,193,829)	15,797,204
Cash & cash equivalents at the beginning of the financial half-year		<u>24,817,962</u>	<u>11,021,552</u>
Cash & cash equivalents at the end of the financial half-year		<u>19,624,133</u>	<u>26,818,756</u>

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 2023 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 22 February 2024.

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 2023 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 2023.

Going Concern

The Group has net assets of \$2,178,260 as at 31 December 2023 (30 June 2023: \$6,148,953) and incurred a loss of \$5,230,035 (31 December 2022: \$4,056,598) and net operating cash inflow/(outflow) of (\$4,781,721) (31 December 2022: \$16,451,741) for the period ended 31 December 2023.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2023 that have been applied by Orthocell Limited. The 30 June 2023 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Revenue

	31 Dec 2023 \$	31 Dec 2022 \$
<i>Sales revenue</i>		
Sale of goods	1,405,417	846,859
	<u>1,405,417</u>	<u>846,859</u>
<i>Other revenue</i>		
Interest	526,301	122,567
Contract revenue	1,152,000	1,152,000
Other	193,990	27,933
	<u>1,872,291</u>	<u>1,302,500</u>
Total revenue	<u><u>3,277,708</u></u>	<u><u>2,149,359</u></u>

Note 4. Expenses

Loss before income tax includes the following specific expenses:

<i>Depreciation and amortisation</i>		
Depreciation – plant & equipment	185,680	184,747
Amortisation – patents & trademarks	54,375	58,826
	<u>240,055</u>	<u>243,573</u>
<i>Employment expenses</i>		
Wages	2,410,517	2,084,347
Superannuation	261,833	216,122
Leave entitlements	23,802	103,971
Payroll & other taxes	146,679	142,503
Directors' fees	280,329	176,994
	<u>3,123,160</u>	<u>2,723,937</u>
Share-based payments	568,092	10,150
Other employment costs	23,704	1,060
	<u>591,796</u>	<u>11,210</u>
Total employment costs	<u><u>3,714,956</u></u>	<u><u>2,735,147</u></u>
Share-based payments to consultants	-	349,140
<i>Net foreign exchange gain/(loss)</i>		
Net foreign exchange gain/(loss)	(9,390)	16,559
	<u>(9,390)</u>	<u>16,559</u>
<i>Rental expense relating to operating leases</i>		
Short term lease payments	1,470	1,438
	<u>1,470</u>	<u>1,438</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Trade and other receivables

	31 Dec 2023 \$	30 Jun 2023 \$
Trade receivables	282,663	473,878
GST refund	253,154	-
Other receivables	325,222	369,390
	<u>861,039</u>	<u>843,268</u>

Note 6. Equity – issued capital

	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 \$	30 Jun 2023 \$
Ordinary shares – fully paid	199,267,357	197,303,071	61,668,974	60,977,721
Share equity costs	-	-	(3,079,731)	(3,079,731)
	<u>199,267,357</u>	<u>197,303,071</u>	<u>58,589,243</u>	<u>57,897,993</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30 Jun 2022	<u>197,127,913</u>		<u>57,476,080</u>
Issue of shares on exercise of options	17 Aug 2022	75,158	\$0.435	379,913
Issue of shares	19 Apr 2023	100,000	\$0.420	42,000
		<u>175,158</u>		<u>421,913</u>
Balance	30 Jun 2023	<u>197,303,071</u>		<u>57,897,993</u>
Issue of shares	30 Oct 2023	1,714,286	\$0.350	600,000
Issue of shares	15 Nov 2023	250,000	\$0.365	91,250
		<u>1,964,286</u>		<u>691,250</u>
	31 Dec 2023	<u>199,267,357</u>		<u>58,589,243</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Share-based payment reserve

	31 Dec 2023 No of Options	30 Jun 2023 No of Options	31 Dec 2023 \$	30 Jun 2023 \$
Share-based payment reserve	41,265,000	38,465,000	7,863,088	7,335,298
	<u>41,265,000</u>	<u>38,465,000</u>	<u>7,863,088</u>	<u>7,335,298</u>

Movements in share-based payment reserve

Details	Reference	Issue Date	No of options	\$
Balance		30 Jun 2022	26,805,000	5,913,911
Issue of options	OCCOPT27	13 Jul 2022	2,200,000	349,140
Issue of options	OCCOPT19	13 Jul 2022	50,000	10,150
Value of options exercised	OCCOPT14	17 Aug 2022	(1,480,000)	(379,912)
Expiry of options	OCCOPT14	7 Aug 2022	(140,000)	(35,938)
Expiry of options	OCCOPT15	20 Nov 2022	(1,650,000)	(560,076)
Expiry of options	OCCOPT16	20 Nov 2022	(150,000)	(53,187)
Issue of options	OCCOPT28	8 Mar 2023	3,000,000	586,634
Issue of options	OCCOPT29	8 Mar 2023	3,830,000	700,308
Issue of options	OCCOPT30	25 May 2023	1,000,000	80,187
Issue of options	OCCOPT31	25 May 2023	1,000,000	78,460
Issue of options	OCCOPT32	25 May 2023	4,000,000	645,621
			<u>11,660,000</u>	<u>1,421,387</u>
Balance		30 Jun 2023	38,465,000	7,335,298
Expiry of options	OCCOPT18	8 Oct 2023	(200,000)	(40,302)
Issue of options	OCCOPT33	7 Nov 2023	1,000,000	169,435
Issue of options	OCCOPT34	20 Nov 2023	2,000,000	398,657
			<u>2,800,000</u>	<u>527,790</u>
Balance		31 Dec 2023	<u>41,265,000</u>	<u>7,863,088</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Share-based payment reserve (continued)

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

Reference	Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free rate	Fair value at grant date
OCCOPT11	18/12/18	31/12/21	\$0.160	\$0.250	48%	0%	1.93%	\$0.0326
OCCOPT12	13/06/19	13/06/22	\$0.425	\$0.413	80%	0%	0.99%	\$0.2236
OCCOPT13	28/06/19	28/06/22	\$0.510	\$0.545	80%	0%	0.96%	\$0.2563
OCCOPT14	14/08/19	14/08/22	\$0.415	\$0.413	100%	0%	0.67%	\$0.2567
OCCOPT15	20/11/19	20/11/22	\$0.565	\$0.617	100%	0%	0.71%	\$0.3394
OCCOPT16	20/11/19	20/11/22	\$0.565	\$0.537	100%	0%	0.71%	\$0.3546
OCCOPT18	08/10/20	08/10/23	\$0.410	\$0.400	75%	0%	0.14%	\$0.2015
OCCOPT19	15/10/20	14/10/24	\$0.405	\$0.583	80%	0%	0.42%	\$0.2030
OCCOPT21	02/06/21	04/06/24	\$0.530	\$0.536	75%	0%	0.09%	\$0.2557
OCCOPT22	16/09/21	16/09/24	\$0.560	\$0.570	70%	0%	0.08%	\$0.2529
OCCOPT23	26/10/21	26/10/24	\$0.540	\$0.500	70%	0%	0.67%	\$0.2590
OCCOPT24	26/10/21	26/10/25	\$0.485	\$0.480	70%	0%	0.14%	\$0.2522
OCCOPT25	04/04/22	04/04/26	\$0.405	\$0.606	65%	0%	2.49%	\$0.1645
OCCOPT26	12/05/22	12/05/26	\$0.340	\$0.515	65%	0%	2.95%	\$0.1386
OCCOPT27	06/07/22	13/07/25	\$0.370	\$0.403	65%	0%	2.96%	\$0.1587
OCCOPT28	08/03/23	08/03/28	\$0.390	\$0.400	55%	0%	3.46%	\$0.1955
OCCOPT29	04/04/23	19/04/27	\$0.385	\$0.360	55%	0%	3.02%	\$0.1828
OCCOPT30	25/05/23	26/05/26	\$0.345	\$0.600	55%	0%	3.35%	\$0.0802
OCCOPT31	25/05/23	26/05/27	\$0.345	\$0.800	55%	0%	3.38%	\$0.0785
OCCOPT32	25/05/23	26/05/28	\$0.345	\$0.400	55%	0%	3.38%	\$0.1614
OCCOPT33	31/10/23	07/11/27	\$0.360	\$0.360	55%	0%	4.43%	\$0.1694
OCCOPT34	02/11/23	20/11/28	\$0.385	\$0.400	55%	0%	3.01%	\$0.1993

Note 8. Contingent assets

The consolidated entity has no contingent assets for the half-year ended 31 December 2023.

Note 9. Events after the reporting period

On 22 February 2024 the Company announced that it had completed a strategic placement to raise \$3.5 million through the issue of 9,459,460 fully paid ordinary shares at an issue price of \$0.37 each, with allotment of the shares expected to occur on Wednesday, 28 February 2024.

On 15 January 2024 the Company appointed Mr Kim Beazley as an independent Non-Executive Director to the Board of Directors.

On 17 January 2024 the Company issued 2,000,000 options with an exercise price of \$0.40 and expiry date of 18 January 2029 to Mr Kim Beazley.

On 5 February 2024 450,000 options expired unexercised.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

No other matter or circumstance has arisen since 31 December 2023 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 10. 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 2023 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
23 February 2024
Perth





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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 2023, 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, and notes to the financial statements, including material accounting policy information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2023, 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 2023 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.

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INDEPENDENT AUDITOR'S REVIEW REPORT



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Directors' Responsibility for the Half-Year 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 2023 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

Simon Fermanis

SIMON FERMANIS
PARTNER

23 FEBRUARY 2024
WEST PERTH,
WESTERN AUSTRALIA

