

ASX Announcement

7 May 2021

Regeneus Announces Institutional Placement

Highlights

- Up to \$4.5 million secured in a three-stage placement of the Company's ordinary shares to New Life Sciences Capital, LLC – a US-based institutional investor
- Placements will fund acceleration of work required to initiate Progenza™ Osteoarthritis (OA) Phase 2 trial in the US and for general working capital needs
- Exploring options to secure additional funding required to progress into the Progenza™ OA Phase 2 trial in the US targeted for 2022
- Development focus expanding beyond successful collaboration with Kyocera for Progenza™ OA in Japan

Regeneus Ltd (ASX: RGS) (Regeneus or the Company), a clinical-stage regenerative medicine company, today announced that it has secured up to \$4.5 million in a three-stage placement of the Company's ordinary shares (**Shares**) to New Life Sciences Capital, LLC (**the Investor**), a U.S.-based institutional investor.

The funding under the placements will be provided as follows:

- an initial placement of \$1,590,000 of Shares to raise \$1,500,000 will occur in the next week;
- a second placement of \$1,590,000 of Shares to raise \$1,500,000 will occur in the next six months; and
- a third placement of \$1,500,000 of Shares to raise \$1,500,000 will occur, subject to the mutual consent of the Investor and the Company, in the next 12 months.

These three placements are referred to in this announcement as the **Placements**. The Placements will be made by way of the Investor prepaying each of the three subscription amounts for the Shares (**Placement Shares**) in a lumpsum payment, each of \$1,500,000.

Funds from the Placements will be used to accelerate the work needed to initiate a Progenza™ OA Phase 2 trial in the US and to fund general working capital needs. This includes working with regulatory consultants in preparation for pre-IND consultation with the FDA, initiating GMP final product manufacturing, and preparatory work with Clinical Research Organisations on future partnerships to conduct future trials.

The Progenza™ OA Phase 2 trial is anticipated to launch in Q2 2022 subject to the Company securing further additional funding.

The Company is actively exploring options for additional funding to progress Progenza™ into Phase 2 trials and beyond in the US market, including non-dilutive public development funding opportunities, licensing and commercialisation partnerships, and potential future capital raising activity.

Regeneus is committed to pursuing all potential options to develop and commercialise Progenza™ for the US market where there remains large unmet medical need in treating knee osteoarthritis and significant market potential for next generation therapeutics.

Regeneus CEO Karolis Rosickas said "The funds raised give us access to capital as we move forward to quickly complete the early preparatory work needed to be able to initiate a Progenza™ US Phase 2 trial. We are actively pursuing additional funding for the Phase 2 trial and exploring strategic partnerships to develop Progenza™ for the US market.

"I look forward to sharing progress with shareholders in due course as we explore the available options and expand our development focus beyond our successful collaboration with Kyocera for Progenza™ OA in Japan. I am confident in our anticipated pathway to success in launching through partnerships for Progenza™ and the longer-term potential of our platform and pipeline candidates."

Further details on the placement

The Company will issue Placement Shares in relation to all or part of each of the Placements at the Investor's request, within 24 months of the date of the corresponding prepayment. The number of Placement Shares so issued by the Company will be determined by applying the Purchase Price (as set out below) to the subscription amount, but subject to the Floor Price (as set out below).

The Purchase Price will initially be equal to \$0.20, representing a premium of approximately 74% to the closing price of the Company's shares on 6 May 2021 (if the Placement Shares are issued prior to 6 July 2021).

Following 6 July 2021, the Purchase Price will reset to the average of the five daily volume-weighted average prices selected by the Investor during the 20 consecutive trading days immediately prior to the date of the Investor's notice to issue shares, less a 5% discount (or a 8% discount if the Investor's notice to issue Placement Shares is issued after 1 February 2022) (rounded down to the next one tenth of a cent, or if the share price exceeds \$0.20, the next half a cent). The Purchase Price will, however, be the subject of the Floor Price of \$0.05. If the Purchase Price formula were to result in a price that is less than the Floor Price, the Company may refuse to issue Placement Shares and instead opt to repay the relevant subscription amount in cash (with a 5% premium), subject to the Investor's right to receive Placement Shares at the Floor Price in lieu of such cash repayment. The Purchase Price will not be the subject of a cap.

The Company will have the right to refuse an issuance of Placement Shares in relation to an Investor's request for issuance and instead to repay the subscription amount by making a payment to the Investor equal to the number of Placement Shares that would have otherwise been issued multiplied by the greater of the Purchase Price and the market value of the Placement Shares at that time.

The Investor will not be obligated to provide the second placement, and/or may reduce the size of the second placement, if the market price of the Company's shares is below \$0.055 and does not recover to above that level at the end of two months after the Investor providing the Company with notice thereof. In addition, the Company has the right to postpone the second placement by up to two months.

The Company will make an initial issuance of 1.9 million Placement Shares to the Investor at the time of the funding of first placement, towards the ultimate number of Placement Shares to be issued. Alternatively, in lieu of applying these Shares towards the aggregate number of the Placement Shares to be issued by the Company, the Investor may make a further payment to the Company equal to the value of these Shares determined using the Purchase Price at the time of the payment.

The net proceeds from the second placement will not exceed 5% of the Company's market capitalisation, without the Investor's consent.

The Company has agreed to issue 1,353,982 Shares in satisfaction of a fee payable to the Investor and to grant 3.8 million options exercisable at \$0.1651 per option (representing a 44% premium over the prevailing market price) to the Investor. At the time of the third placement, an additional fee of \$27,000 will be payable to the Investor by way of shares.

The agreement contains other customary rights of termination including:

- a material breach of the agreement by Regeneus;
- Regeneus or its Shares are removed from quotation or suspended from trading on the ASX for more than 5 trading days in any 12 month period; and
- a material adverse event.

On termination following an event of default, the Investor:

- is not required to make further funding available under the agreement; and
- to the extent that Regeneus has not issued Placement Shares in relation to a subscription amount, has the right to require Regeneus to repay such amount, with default interest of 12 per cent per annum.

The Company has no obligation to repay the subscription proceeds in the absence of an event of default.

-ENDS-

About Regeneus

Regeneus Ltd (ASX:RGS) is a Sydney-based clinical-stage regenerative medicine company using stem cell technologies to develop a portfolio of novel cell-based therapies. The regenerative therapies seek to address unmet medical needs in human health markets, focusing on neuropathic pain, including osteoarthritis and various skin conditions, with its platform technologies Progenza™ and Sygenus. Visit www.regeneus.com.au for more information.

Authorisation & Additional information

This announcement was authorised by the Board of Directors of Regeneus Ltd

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