

ASX Announcement

20 December 2019

Termination of AGC Agreement paves way for new Commercial Partner

Regeneus Ltd (ASX: RGS) (Regeneus or the Company), a clinical-stage regenerative medicine company, has come to a mutual agreement with Japan-based manufacturer AGC Inc (**AGC**) to terminate their exclusive manufacturing licence and joint venture agreement (refer to ASX announcement dated 29 December 2016).

Regeneus and AGC have successfully achieved the intent of the original agreement in which Regeneus transferred its cellular therapy manufacturing know-how to AGC and AGC lead the identification and introduction of potential commercial partners in Japan.

As part of the termination arrangements, AGC has elected to convert US\$2.5 million of their upfront and milestone payments into equity ownership in Regeneus of ordinary shares at a fixed subscription price of A\$0.16 per share. This represents a 100 per cent premium to Regeneus' share price as of 19 December 2019. It also makes AGC the largest shareholder in the Company, holding 8%. It is anticipated the shares will be issued in February 2020.

This clause was agreed to as a variation to the original agreement, as Regeneus anticipated potential commercial partners' desire to manufacture Progenza for Osteoarthritis (Progenza OA). As part of the termination of the agreement, Regeneus will acquire all of AGC's shares in the joint venture at a price equal to 50 per cent of the Company's value as at 31 December 2018.

This change provides Regeneus with the necessary flexibility to conclude commercial licence discussions with partners who intend to manufacture and commercialize Progenza OA.

CEO of Regeneus Leo Lee said: "AGC has been instrumental in advancing our commercialisation discussions in Japan and opened doors for us in the market. Our collaboration is a prime example of how an Australian biotech company can benefit from partnering with large Japanese enterprises to access the local market."

"Our mutual agreement to terminate the joint venture gives Regeneus flexibility to develop a go-to-market model where commercial partners can manufacture, develop and commercialise Progenza OA in Japan. Additionally, we look forward to AGC becoming our largest shareholder and participating in the growth in Japan and globally".

-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 to address unmet medical needs in human health markets with a focus on osteoarthritis and neuropathic pain 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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