

ASX Announcement

Loan facility approved - ASX listing rule waiver

Sydney, Australia – 25 February 2022

Regeneus Ltd (ASX: **RGS**), a clinical-stage regenerative medicine company, today announced it has entered into a loan facility agreement with Paddington St Finance. The maximum loan value of the facility is the lesser of (i) AUD\$4 million; or (ii) USD\$3 million.

Regeneus has signed a licence and collaboration agreement with Kyocera Corporation (refer announcements released on 11 August 2020 and 22 December 2021) in connection with the commercialisation and manufacture of Progenza OA in Japan. Under the licence and collaboration agreement with Kyocera, the next milestone payment of USD\$3 million is expected to be received by Regeneus in Q2 CY2023. The loan to be provided by Paddington St Finance forward funds the receipt of this next milestone payment.

The funds will be utilized in operational expenditure. The loan will be repaid on or before the earlier of: (a) 30 September 2023; and (b) the date on which Regeneus receives the milestone payment of USD\$3 million under the licence and collaboration agreement.

The loan from Paddington St Finance was finalised after Regeneus received a waiver from the ASX listing rule 10.1 necessitated as Mr Barry Sechos, a Director of Regeneus is also a Director of Paddington St Finance a specialist structured finance company providing R&D Tax Incentive Finance and Mid-Market Corporate Loans to emerging corporations domiciled in Australia. The waiver permitted Regeneus to grant security by way of a fixed and floating charge over all of its assets and undertakings in favour of Paddington St Finance.

Regeneus had considered funding from other sources and determined that Paddington St Finance was the most attractive commercial arrangement available. Regeneus has entered into the arrangements on arm's length terms that are consistent with those typical for similar funding transactions and that the Directors (with Mr Sechos abstaining) consider to be fair and reasonable from the perspective of the Regeneus security holders.

The ASX decision to grant the waiver is on the following terms:

1. *Based solely on the information provided, ASX Limited ('ASX') grants Regeneus Limited (the 'Company') a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over the assets of the Company and its subsidiaries in favour of Paddington Street Finance Pty Ltd ("Lender") (the "Security"), in order for the Company to secure its obligations under a loan agreement for up to \$4 million, the loan is to be repaid on or before 30 September 2023, with an interest rate of 1% per month, a 3% arrangement fee of the amount of the available facility payable in instalments on the amount of each drawdown, with the balance (if any) payable on the date of repayment, the facility will be held in the name of the Lender and drawn down by the Company as required (the "Loan Facility"), without obtaining shareholder approval, on the following conditions:*
 - 1.1 *the material terms of the transaction and of the waiver are announced to the market;*
 - 1.2 *the announcement includes a description of the reasons why the entity has chosen to obtain the financial accommodation from the 10.1 party rather than a lender that is not a 10.1 party and the steps the board of the entity (or, in the case of a listed trust, the RE of the trust) has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the entity's ordinary securities;*
 - 1.3 *the Security documents expressly provide that:*
 - 1.3.1 *the Security is limited to the funds due under the financial accommodation*

- 1.3.2 *the Security will be discharged when the funds due under the financial accommodation have been repaid in full;*
- 1.3.3 *in the event the Security is enforced, the assets can only be disposed of to the 10.1 party or an associate of the 10.1 party if the disposal is first approved by the entity's security holders under Listing Rule 10.1; and*
- 1.3.4 *otherwise, if the holder of the Security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the 10.1 party in accordance with their legal entitlements;*
- 1.4 *any variation to the terms of the financial accommodation or the Security which:*
 - 1.4.1 *advantages the 10.1 party in a material respect;*
 - 1.4.2 *disadvantages the entity in a material respect; or*
 - 1.4.3 *is inconsistent with the terms of the waiver,**must be subject to security holder approval under Listing Rule 10.1; and*
- 1.5 *for each year while they remain on foot, a summary of the material terms of the financial accommodation and the Security is included in the related party disclosures in the entity's audited annual accounts.*

This announcement was authorised by the Board of Directors of Regeneus Ltd. for release by the Regeneus Ltd.

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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.

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