

## ASX Announcement

31 July 2020

### Quarterly Cashflow report – Period ending 30 June 2020

**Regeneus Ltd (ASX: RGS) (Regeneus or the Company)**, a clinical-stage regenerative medicine company, today released its quarterly cash flow report and review of operational activities for the period ending 30 June 2020 (the quarter).

#### Operational highlights

During the quarter, the Company received notification from Kyocera Corporation (TYO:6971) that its lead stem cell platform technology Progenza for the treatment of Knee Osteoarthritis (Progenza OA) had passed Kyocera's due diligence process.

This milestone aligned with the timelines set out in the non-binding Memorandum of Understanding (MOU) signed between the two companies (2 March), which granted Kyocera exclusive negotiation rights for a commercial licence for Progenza OA in Japan.

Pursuant to the terms of the MOU, this milestone triggers a further payment of JPY100M when a definitive commercial licence is executed, in addition to any payments that are included in the commercial arrangement.

While outside the quarter, Regeneus recently announced Kyocera will continue to have a short extension to the exclusive rights to negotiate the licence until 31 August 2020.

#### Financial update

The Company's cash balance as at 30 June 2020 was \$982k. Net operating cash outflow for the quarter was \$376k, including R&D activities, corporate costs and expenditure related to negotiations with Kyocera.

Regeneus continued its cost-containment activities over the June quarter. It is anticipated that the cash balance at the end of the quarter and the undrawn facilities of \$2.9 million will provide sufficient cash to fund operations until negotiations with Kyocera are complete.

#### Outlook

Regeneus CEO and Executive Director Leo Lee said the Company continues to align its activities with the revised strategic direction to address global pain market and deliver long-term shareholder value.

"The June quarter was another period of progress for Regeneus and we are pleased to have recently provided positive progress on our negotiations with Kyocera. We look forward to updating the market on this front," said Mr Lee.

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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](http://www.regeneus.com.au) for more information.

### **Authorisation & Additional information**

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

### **Investor and Media Contact**

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Regeneus Ltd

**ABN**

13 127 035 358

**Quarter ended ("current quarter")**
30<sup>th</sup> June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date ( 12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	1,639
1.2 Payments for		
(a) research and development	(59)	(321)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	(3)	(6)
(e) staff costs (including Directors)	(470)	(1,808)
(f) administration and corporate costs	309	(1,842)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(204)	(339)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	50	1,541
1.8 Other (provide details if material)	-	(782)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(376)</b>	<b>(1,917)</b>

- 1.2 Receipts from Customers is the non-refundable milestone payment received from Kyocera Corporation of Japan
- 1.8 Other includes the redundancies and related costs associated with the implementation of the strategic review and the reduction in staff that were undertaken in quarter 1

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date ( 12 months) \$A'000</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	(25)	(25)
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	36
	(b) businesses	-	-
	(c) property, plant and equipment	-	5
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(25)</b>	<b>16</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,882
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options (including proceeds from shareholder loan)	-	26
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	20
3.6	Repayment of borrowings	-	(1,300)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>2,628</b>

- |     |                                                                                                                                                           |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1 | Proceeds from issue of shares is the capital raising of \$5.28 million net of the \$1.4 million of Directors loans converted to equity                    |
| 3.6 | Repayment of borrowings – in early October Regeneus received the 2019 R&D Tax Incentive which was used to pay down the Paddington St Finance debt in full |

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date ( 12 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,383	255
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(376)	(1,917)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(25)	16
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,628
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>982</b>	<b>982</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	982	1,383
5.2	Call deposits		-
5.3	Bank overdrafts		-
5.4	Other (provide details)		-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>982</b>	<b>1,383</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

87

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1 Aggregate payments includes quarterly Executive Directors salary and fees \$66k, Non-executive Director Fees \$21k.

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7. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	4,000	1,100
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	4,000	1,100

7.5 <b>Unused financing facilities available at quarter end</b>	2,900
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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The loan facility of \$4.0 million relates to the following facilities announced on 28 February 2020

- Mr Leo Lee has provided a \$2.0m facility, currently drawn down by \$1.1m under terms which include rights to security over Regeneus' assets.
- Paddington St Finance an entity related to Mr Barry Sechos also provided a \$2.0m facility to be drawn upon only once Mr Lee's facility is fully drawn. It also includes rights to security of Regeneus' assets.

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9) (net of receipt)	(376)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	982
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,900
8.4 Total available funding (Item 8.2 + Item 8.3)	3,882
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	10.3 qtrs

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ..31 July 2020.....

Authorised by: ...By the board.....  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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