

Notice of Annual General Meeting 30 November 2023 and Explanatory Statement

The Annual General Meeting of Regeneus Ltd will be held in person.
If you are unable to attend the Annual General Meeting, please complete and return the enclosed proxy form in accordance with the specified directions.

By order of the Board

27 October 2023

Hang Ling (Helen) Leung

Company Secretary

NOTICE is given that the Annual General Meeting of Members of Regeneus Ltd (**the Company**) will be held in person at the Company's Registered Office located at 16 Goodhope Street Paddington NSW 2021 on Thursday 30th November 2023 at 1.00pm (Sydney time).

ORDINARY BUSINESS

Financial Report

To receive the financial statements of the Company for the year ended 30 June 2023 together with the Directors' Report and the Auditor's Report.

RESOLUTIONS

RESOLUTION 1: Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report for the year ended 30 June 2023 be adopted."

Note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution:

- by key management personnel or their closely related parties; or
- as a proxy by key management personnel or a closely related party of any key management personnel.

However, the Company need not disregard a vote if it is:

- cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2: Re-election of a Director, Barry Sechos

To consider and, if thought fit, to pass, with or without amendment the following resolution as an **ordinary resolution**:

"That Barry Sechos, who retires as a Director of the Company by rotation in accordance with clause 3.6 of the Company's Constitution, and being eligible for re-election, is re-elected as a Director of the Company."

RESOLUTION 3: Approval of additional placement capacity under Listing Rule 7.1A

To consider and, if thought fit, to pass, with or without amendment the following resolution as a **special resolution**:

"That for the purpose of ASX Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."

Voting Exclusion Statement

As at the date of dispatch of this Notice of General Meeting, the Company is not proposing to make an issue of equity securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement is not required by Listing Rule 7.3A.7 as at that date.

However, if, between the date of this Notice of General Meeting and the date of the Annual General Meeting, the Company proposes to make an issue of equity securities under Listing Rule 7.1A.1, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- any associate of that person or those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 4 – DISPOSAL OF SANGUI BIO SHARES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purpose of ASX Listing Rule 10.1 and for all other purposes, approval is given for the Company to dispose of the Sangui Bio Shares to Paddington St Finance Pty Ltd (a 'related party' of the Company) on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- Paddington St Finance Pty Ltd, and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary shares in the Company); or
- any associate of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote on the resolution in that way.

Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd for the purposes of the Shareholder approval required by ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 4 to the non-associated shareholders of Regeneus.

The Independent Expert considers the transaction the subject of Resolution 4 to **be fair and reasonable** to the non-associated shareholders of Regeneus.

Determination of Entitlement to Attend and Vote

The Company has determined that the holders of the Company's ordinary shares for the purpose of the General Meeting will be the registered holders of ordinary shares at **7.00pm (Sydney time) on the date that is 48 hours before the date of the Annual General Meeting.**

Attendance at the Annual General Meeting

The Annual General Meeting will be held in person.

In person: You may attend the Annual General Meeting in person at the date, time and place specified in the Notice of General Meeting. Prior registration is not required.

By proxy: A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. A proxy need not be a member of the Company. A member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half the votes.

If you would like to appoint a proxy to attend the meeting on your behalf, this can be done by completing and signing the attached proxy form and sending it by post to Regeneus Ltd, c/o Link Market Services Limited at Locked Bag A14, Sydney South NSW 1235 or by facsimile to Link on +61 2 9287 0309 by no later than **1.00 pm (Sydney time) on Tuesday 28 November 2023**, being not less than 48 hours before the time for holding the meeting.

Alternatively, proxy forms may also be lodged online at Link Market Services' website www.linkmarketservices.com.au in accordance with the instructions given there. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions provided on the website.

The proposed Chair of the meeting intends to vote undirected proxies in favour of each of the four resolutions.

By power of attorney: If an ordinary shareholder has appointed an attorney to attend and vote at the meeting, or if a proxy form is signed by an attorney, the power of attorney must likewise be received by Link Market Services Limited by post to Locked Bag A14 Sydney South NSW 1235, or by facsimile to Link on +61 2 9287 0309 by no later than **1.00 pm (Sydney time) on Tuesday 28 November 2023**, being not less than 48 hours before the time for holding the meeting.

By corporate representative: A member who is a body corporate may appoint an individual as a representative to exercise the member's voting rights at the Annual General Meeting pursuant to section 250D of the *Corporations Act 2001* (Cth). Representatives will be required to present documentary evidence of their appointment to the Company before the meeting.

Questions from Members

Members who are unable to attend the Annual General Meeting and would like to ask questions of the Board concerning matters to be considered at the Annual General Meeting, are invited to do so by completing the form included with this Notice of General Meeting.

Your questions are important to us and although we may not be able to reply to each question individually, we will respond to as many of the frequently asked questions as possible at the Annual General Meeting, or otherwise after the meeting.

Enquiries

For further information relating to the 2023 Annual General Meeting, please contact the Company Secretary at Helen.leung@regeneus.com or call 1300 995 098.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist shareholders with their consideration of the resolutions detailed in the Notice of General Meeting dated 27th October 2023. This Explanatory Statement should be read with, and forms part of, the accompanying Notice of General Meeting.

FINANCIAL REPORT

As required by section 317 of the *Corporations Act 2001* (Cth), the Financial Report, Directors' Report, Directors' Declarations and the Independent Audit Report of the Company for the financial year ended 30 June 2023 will be laid before the Annual General Meeting.

Shareholders will be provided with the opportunity to raise questions in relation to the reports, however there will be no formal resolution put to the meeting. The Company's Auditor will be present at the meeting and shareholders will also be given the opportunity to ask the Auditor questions on the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company for the preparation of the financial statements and the independence of the Auditor.

RESOLUTIONS

1. RESOLUTION 1: ADOPTION OF THE REMUNERATION REPORT

The *Corporations Act 2001* (Cth) requires that listed companies include a Remuneration Report in their Directors' Report. The Remuneration Report includes information in respect of the Company's remuneration policies in respect of Directors and executives, including the relationship between remuneration policies and the Company's performance, prescribed details of Directors and executives, details of securities included in the remuneration of Directors and executives and details of persons employed under a contract.

The resolution to adopt the Remuneration Report has been put to the shareholders in accordance with section 250R(2) of the *Corporations Act 2001* (Cth). Any outcome, with respect to this resolution, is advisory only and does not bind the Directors or the Company. However, if more than 25% of the votes are cast against two consecutive annual section 250R(2) resolutions, the *Corporations Act 2001* (Cth) requires a shareholder vote on whether to convene a special meeting at which all directors (other than a managing director) who were in office when the second section 250R(2) resolution was passed must stand for re-election.

The Chair will allow a reasonable opportunity at the meeting for shareholders as a whole to ask questions about or make comments on the Remuneration Report.

The Directors will consider the outcome of this vote and any comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

Voting exclusion statement

For the purposes of the voting exclusion statement on Resolution 1:

"key management personnel" (KMP) means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

"closely related party" means: (a) a spouse or child of the KMP; (b) a child of the KMP's spouse; (c) a dependent of the KMP or the KMP spouse; (d) anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealing with the Company; (e) a company the KMP controls; or (f) a person otherwise prescribed by the regulations.

Where the Chair is appointed as a proxy, the Chair will vote all undirected proxies in favour of Resolution 1.

If you appoint the Chair as your proxy, and you check the box consenting to the Chair voting undirected proxies, then unless you include an express voting direction on your proxy form, you will be directing, and expressly consenting to the Chair to vote in favour of Resolution 1.

2. RESOLUTION 2: RE-ELECTION OF A DIRECTOR, BARRY SECHOS

Barry Sechos has served on the Board since 2012. In accordance with the retirement requirements of the Company's Constitution, Barry Sechos retires and offers himself for re-election as a Director of the Company.

His experience, qualifications, and special responsibilities are set out on page 5 of the Company's Annual Report 2023.

3. RESOLUTION 3: APPROVAL OF ADDITIONAL PLACEMENT CAPACITY UNDER LISTING RULE 7.1A

3.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of "**Equity Securities**" (as defined in the Listing Rules) that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period

Under Listing Rule 7.1A however, an eligible entity can seek approval from its shareholders by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% (**10% Placement Facility**) to 25%.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The effect of this resolution, if passed, will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

If shareholders approve this resolution, the exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to paragraph 3.2(c) below) and the Company will be able to issue Equity Securities under the 10% Placement Capacity without any further shareholder approval.

If shareholders do not approve this resolution, the Company will not be able to access the additional 10% capacity to issue Equity Securities and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1.

The resolution is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

3.2 Description of Listing Rule 7.1A

(a) Shareholder approval

As stated above, the ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of General Meeting, the Company has on issue one class of quoted equity securities being ordinary shares. The Company has the following securities on issue:

- (i) 306,436,914 listed fully paid ordinary shares;
- (ii) unlisted options issued under employee incentive schemes exercisable at:

- A. 1,250,000 @ \$0.20 each prior to 31 January 2024;
 - B. 1,029,500 @ \$0.14 each prior to 31 August 2025;
 - C. 333,333 @ \$0.1075 each prior to 31 August 2025; and
 - D. 25,000,000 @ \$0.10 each prior to 24 May 2026.
- (iii) other unlisted options exercisable at:
- A. 3,800,000 @ \$0.1651 each prior to 11 May 2024.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (i) **plus** the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2, other than exceptions 9, 16 or 17;
- (ii) **plus** the number of fully paid shares issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken to be approved under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (iii) **plus** the number of fully paid shares issued in the relevant period under an agreement to issues within Listing Rule 7.2, exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken to be approved under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (iv) **plus** the number of fully paid shares issued in the relevant period with approval of holders of shares under Listing Rules 7.1 or 7.4; and
- (iv) **plus** the number of partly paid shares that became fully paid in the relevant period;
- (v) **less** the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement to issue has not been subsequently approved by shareholders under Listing Rule 7.1 or Listing Rule 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of General Meeting, the Company has on issue 306,436,914 Shares and therefore has a capacity to issue: 45,965,537 Equity Securities under Listing Rule 7.1 (subject to any prior issues of Equity Securities that were not issued under either an exception in Listing Rule 7.2 or with the approval of shareholders and that therefore may count towards the placement capacity under Listing Rule 7.1).

If Resolution 3 is approved by shareholders, the Company will have the capacity to issue an additional 30,643,691 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to paragraph 3.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price (**VWAP**) of Equity Securities in the same class calculated over the 15 'Trading Days' (as defined in the Listing Rules) on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within ten (10) Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shares may be issued under the 10% Placement Facility under Listing Rule 7.1A during the period from the date of the Annual General Meeting at which the approval is obtained until the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained;
- (ii) the time and date of the Company's next Annual General Meeting; or
- (iii) the time and date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

3.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- (a) If Resolution 3 is approved by shareholders, the period for which the shareholder approval of the 10% Placement Facility under Listing Rule 7.1A will be valid is the 10% Placement Period, as described in paragraph 3.2(f) above.
- (b) If Resolution 3 is approved by shareholders, the Company will issue Equity Securities under the 10% Placement Facility at the minimum issue price as expressed in paragraph 3.2(e) above.
- (c) The Company may only issue the Equity Securities under the 10% Placement Facility for cash consideration. The purposes for which the funds raised by an issue of Equity Securities under

Listing Rule 7.1A.2 may be used by the Company include:

- continued expenditure on the Company's current business, including to accelerate its product developments and/or general working capital (including head office operations); and
- consideration for the acquisition(s) of new assets and investments, including the expenses associated with such acquisitions.

(d) If Resolution 3 is approved by shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing shareholders' voting power in the Company will be diluted as shown in the table below). Shareholders may also be exposed to economic risk and voting dilution, including the following:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of General Meeting.

The table also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary shares has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0025 50% decrease in Issue Price	\$0.0050 Issue Price	\$0.0100 100% Increase in Issue Price
Current Variable "A" 306,436,914 shares	10% Voting Dilution	30,643,691	30,643,691	30,643,691
	Funds raised	\$76,609.23	\$153,218.46	\$306,436.91
50% increase in current Variable "A" 459,655,371 shares	10% Voting Dilution	45,965,537	45,965,537	45,965,537
	Funds raised	\$114,913.84	\$229,827.69	\$459,655.37
100% increase in current Variable "A" 612,873,828 shares	10% Voting Dilution	61,287,382	61,287,382	61,287,382
	Funds raised	\$153,218.46	\$306,436.91	\$612,873.83

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No options are exercised into shares before the date of the issue of the Equity Securities.
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the Annual General Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of shares. If the issue of Equity Securities includes options, it is assumed that those options are exercised into shares for the purpose of calculating the voting dilution effect on existing shareholders.
 - (vii) The issue price is \$0.0050c, being the closing price of the shares on ASX on 24 October 2023.
- (e) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the proposed recipients of Equity Securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).

The recipients under the 10% Placement Facility have not been determined as at the date of this Notice of General Meeting but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

- (g) The Company has previously obtained shareholder approval under Listing Rule 7.1A. There have been no equity securities issued and no agreements to issue equity securities under Listing Rule 7.1A.2 in the 12 months preceding the date of this Annual General Meeting.

3.4 Board Recommendation

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this resolution.

RESOLUTION 4 – DISPOSAL OF SANGUI BIO SHARES

4.1 Background

As announced on 25 February 2022, the Company entered into a loan facility agreement with Paddington St Finance Pty Ltd (**Paddington St Finance**), pursuant to which Paddington St Finance agreed to provide loan funding to the Company of an amount up to the lesser of: (i) AUD\$4 million; or (ii) USD\$3 million. Paddington St Finance is a specialist structured finance company providing R&D Tax Incentive Finance and Mid-Market Corporate Loans to emerging corporations domiciled in Australia.

Pursuant to the loan facility agreement, the loan funding provided by Paddington St Finance to the Company was available to be utilized for operational expenditure. The loan was originally to be repaid on or before the earlier of: (a) 30 September 2023; and (b) the date on which the Company received a milestone payment of USD\$3 million pursuant to the licence and collaboration agreement with Kyocera Corporation (see announcements released on 11 August 2020 and 22 December 2021).

The loan from Paddington St Finance was finalised after the Company received a waiver from the ASX pursuant to Listing Rule 10.1, necessitated as Mr Barry Sechos, a Director of the Company, controls Paddington St Finance. The waiver permitted the Company to grant security by way of a fixed and floating charge over all of its assets and undertakings in favour of Paddington St Finance.

4.2 Agreement to settle Paddington St Finance loan facility

As announced on 31 January 2023, the Company received a notice of termination dated 27 January 2023 from Kyocera Corporation under the licence and collaboration agreement.

The Notice purported to terminate the licence and collaboration agreement for Kyocera's failure to meet its Development Target relating to establishment of first Standard Operating Procedures for the manufacture of Progenza for the clinical trial to be held in Japan by the required date – being 30 September 2022. While the processes under the licence and collaboration agreement in relation to the purported termination have not been fully worked through, at this stage the

Company does not believe it is likely that any further milestone payments will be received from Kyocera and therefore such amounts will not be available to be utilized to repay the amounts owing under the loan facility agreement with Paddington St Finance.

As announced on 28 February 2023, the Company reached agreement to settle the \$2.0 million outstanding loan, interest and fees payable to Paddington St Finance in exchange for the transfer from the Company to Paddington St Finance of 700,000 shares in Sangui Bio Pty Ltd (**Sangui Bio Shares**) plus payment to Paddington St Finance of \$400,000 in cash.

Payment of the \$400,000 in cash was made immediately following the announcement on 28 February 2023, leaving (at the time) approximately \$1.6 million loan, interest and fees payable to Paddington St Finance.

The shares in Sangui Bio constitute a "substantial asset" of the Company pursuant to the Listing Rules (being an asset with a value of more than 5% of the equity interests of the Company – see further below) and accordingly the settlement is subject to approval of the disposal of the Sangui Bio Shares to Paddington St Finance by the shareholders of the Company under Listing Rule 10.1.

Pursuant to the settlement agreed with Paddington St Finance, the transfer of the Sangui Bio Shares will occur within 5 business days of the Company receiving the required shareholder approval – being the shareholder approval sought pursuant to this Resolution 4.

4.3 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity must not acquire a 'substantial asset' from, or dispose of a 'substantial asset' to, amongst other persons a 'related party' of the entity without the prior approval of the holders of the entity's ordinary shares.

Substantial asset

For the purposes of Listing Rule 10.1, Listing Rule 10.2 provides that an asset is a 'substantial asset' if its value, or the value of the consideration being paid or received by the entity for it, or in the ASX's opinion is, 5% or more of the 'equity interests' of the entity as set out in the latest accounts given to ASX. The Full Year FY23 accounts are the latest set of accounts for the Company given to ASX. The 'equity interests' of the Company set out in those accounts was \$(124,958).

The value of the Sangui Bio Shares set out in the Full Year FY23 accounts for the Company was \$1,750,000.

The implied consideration being received by the Company for the Sangui Bio Shares is the outstanding balance of the loan, interest and fees payable to Paddington St Finance – being approximately \$1.973M (calculated as at 15 November 2023).

As the value of the Company's equity interests is negative, the consideration being received by the Company for the Sangui Bio Shares is more than 5% of the Company's 'equity interests'.

Related party

Mr Barry Sechos, a Director of the Company, controls Paddington St Finance and pursuant to the Listing Rules, Mr Sechos and Paddington St Finance are each a 'related party' of the Company.

Requirement for shareholder approval

On the basis that:

- (a) the Sangui Bio Shares are a 'substantial asset' of the Company; and
- (b) Paddington St Finance is a 'related party' of the Company,

the Company is required to seek shareholder approval under Listing Rule 10.1 in respect of the proposed disposal of the Sangui Bio Shares to Paddington St Finance.

4.4 Chapter 2E of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, for a public company to give a financial benefit to a 'related party' of the public company, the public company must:

- (a) obtain the approval of the public company's shareholders in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Relevantly, section 210 provides that:

- (i) where any benefit would be reasonable in the circumstances if the public company and the director/related party were dealing at arm's length and/or on commercial terms; or
- (ii) the terms are less favourable to the director/related party than the terms referred to in paragraph (i),

then shareholder approval is not required.

The disposal of the Sangui Bio Shares will result in the repayment of the approximately \$1.973 million loan, interest and fees (calculated as at 15 November 2023) payable to Paddington St Finance by way of the transfer of the Sangui Bio Shares to Paddington St Finance, and therefore result in the provision of a financial benefit to a 'related party' of the Company.

The Directors (excluding Mr Barry Sechos) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the disposal of the Sangui Bio Shares to Padding St Finance, because the terms of the disposal would be reasonable in the circumstances if the public company and the director/related party were negotiated at arm's length.

4.5 Independent Expert's Report

Listing Rule 10.5.10 requires a notice of general meeting containing a resolution under Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report (a copy of which is attached as Annexure A to this Explanatory Statement and which is also available on the Company's website – regeneus.com.au) includes an independent examination of the proposed disposal of the Sangui Bio Shares to Paddington St Finance, to assist non-associated shareholders to assess the merits of, and decide whether to approve, the transaction.

The Independent Expert's Report comments on the fairness and reasonableness of the proposed transaction to the non-associated shareholders of the Company. The opinion of the Independent Expert is that the Proposed Transaction is **fair and reasonable to the non-associated shareholders of the Company**.

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the shareholder approval required under Listing Rule 10.1.

4.6 Advantages and disadvantages of the transaction

The Directors (other than Mr Sechos) are of the view that the following non-exhaustive list of advantages and disadvantages may be relevant to a shareholder's decision how to vote on Resolution 4.

Advantages:

- (a) The transaction enables the Company to settle the outstanding loan, interest and fees payable to Paddington St Finance mostly with the Sangui Bio Shares (which represent a minority stake of approximately 12.4% of the issued shares of Sangui Bio Pty Ltd), which are a non-core asset of the Company.
- (b) The transaction represents an opportunity for the Company to exit from an investment in a

high risk biotechnology start-up business.

- (c) The transaction will enable the Company to continue as a going concern and consummate a strategic merger transaction.

Disadvantages:

- (a) The transaction means that the Company will not have the opportunity to participate in any potential benefits from an increase in value of the Sangui Bio Shares in the future.

The Independent Expert's consideration of the key advantages and key disadvantages of the transaction are set out at page 10 of the Independent Expert's Report.

4.7 What happens if shareholder approval for this Resolution 4 is not obtained?

The proposed transaction is considered by the Board of the Company to be the only pathway to keep the Company solvent. If shareholder approval for this Resolution 4 is not obtained, then the Company will not otherwise be able to repay the amounts owed to Paddington Street Finance and the Board expects that Paddington St Finance will call the outstanding loan, interest and fees payable. The likely result of this will be for Regeneus to enter into insolvent administration.

4.8 Specific information required by Listing Rule 10.5

Pursuant to, and in accordance with Listing Rule 10.5, the following information is provided in relation to this Resolution 4.

- (a) The Company is disposing of the Sangui Bio Shares to Paddington St Finance.
- (b) Paddington St Finance is a 'related party' of the Company and falls within the category of persons within Listing Rule 10.1.1. Paddington St Finance is controlled by Mr Barry Sechos who is a Director of the Company.
- (c) The asset being disposed of is 700,000 shares in Sangui Bio Pty Ltd, which represent approximately 11% of the issued shares of Sangui Bio Pty Ltd. Further information in relation to Sangui Bio Pty Ltd is set out at page 9 of the Independent Expert's Report.
- (d) The disposal of the Sangui Bio Shares is in part settlement of \$2.0 million outstanding loan, interest and fees payable to Paddington St Finance pursuant to a loan facility agreement between the Company and Paddington St Finance.
- (e) Because the disposal of the Sangui Bio Shares is in part settlement of outstanding loan, interest and fees payable to Paddington St Finance, there will be no funds received by the Company for the disposal.
- (f) It is intended that the disposal of the Sangui Bio Shares to Paddington St Finance will occur within 5 business days after the general meeting (subject to shareholder approval of this Resolution 4).
- (g) The disposal of the Sangui Bio Shares to Paddington St Finance will occur pursuant to the agreement between the Company and Paddington St Finance to settle the \$2.0 million outstanding loan, interest and fees payable to Paddington St Finance in exchange for the transfer from the Company to Paddington St Finance of the Sangui Bio Shares plus payment to Paddington St Finance of \$400,000 in cash. Payment of the \$400,000 in cash was made immediately following the announcement of the agreement on 28 February 2023.
- (h) A voting exclusion statement is included in Resolution 4 of the Notice of General Meeting.
- (i) An Independent Expert's Report is attached as Annexure A to this Explanatory Statement.

4.9 Recommendation of the Directors

The Board considers that the proposed disposal of the Sangui Bio Shares to Paddington St Finance is in the best interests of the Company and shareholders.

Mr Barry Sechos has a material personal interest in Resolution 4, by virtue of the fact that he controls Paddington St Finance, and so he makes no recommendation in relation to this Resolution 4.

None of the rest of the Directors of the Company (being Dr Graham Vesey and Mr Leo Lee) have a material personal interest in the outcome of this Resolution 4. Dr Graham Vesey and Mr Leo Lee each recommend that shareholders vote in favour of this Resolution 4.

The Directors are not aware of any other information, other than as set out in this Explanatory Statement and the accompanying Independent Expert's Report that would reasonably be required by shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass this Resolution 4.

5. GLOSSARY

The following terms used in the Notice of General Meeting and the Explanatory Statement are defined as follows:

\$ means Australian dollars.

ASX means ASX Limited ACN 008 624 691.

Board means the current board of directors of the Company.

Company means Regeneus Ltd AC N 127 035 358.

Corporations Act means the *Corporations Act 2001 (Cth)* as amended from time to time.

Directors means the current directors of the Company.

Explanatory Statement means the Explanatory Statement accompanying the Notice of General Meeting.

Independent Expert means RSM Corporate Australia Pty Ltd ACN 050 508 024.

Independent Expert's Report means the independent expert's report prepared by the Independent Expert which is attached to this Notice as Annexure A and is available on the Company's website (regeneus.com).

Listing Rules means the listing rules of the ASX.

Notice of General Meeting means this notice of annual general meeting.

Paddington St Finance means Paddington St Finance Pty Ltd ACN 614 210 669.

Sangui Bio Shares means 700,000 ordinary shares in Sangui Bio Pty Ltd ACN 607 151 477.

ANNEXURE A – INDEPENDENT EXPERT’S REPORT



REGENEUS LTD

Financial Services Guide and Concise Independent Expert's Report

06 October 2023

We have concluded that the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders

Financial Services Guide

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 (“RSM Corporate Australia Pty Ltd” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

For the purposes of our report and this FSG, the financial services we will be providing to you is the provision of general financial advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Specifically relevant to this engagement RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia has provided professional services to Constellation Software Australia Pty Ltd (a related entity of Jonas) in the ordinary course of its business in relation to tax compliance services included related tax compliance valuation services. Having regard to ASIC Regulatory Guide RG 112 Independence of Experts, we have concluded that these services do not impact on our independence in relation to the preparation of this report.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (“AFCA”). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact Details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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6 October 2023

The Independent Directors
Regeneus Ltd
16 Goodhope Street
Paddington NSW 2021

Dear Directors

1. Introduction

- 1.1 This concise Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the draft Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders of Regeneus Ltd ("Regeneus" or "the Company") for a General Meeting to be held on 30 November 2023, at which shareholder approval will be sought for Regeneus' proposal to settle the outstanding loan and interest payable (net of the \$400,000 partial cash settlement payment made on 28 February 2023) to Paddington St Finance Pty Ltd ("PSF" and the "PSF Loan"), in exchange for the transfer of its minority shareholding in Sangui Bio Pty Ltd ("Sangui Bio") consisting of 700,000 shares (the "Proposed Transaction").

Resolution 4 – Disposal of Sangui Bio shares

"To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 10.1 and for all other purposes, approval is given for the Company to dispose of the Sangui Bio Shares to Paddington St Finance Pty Ltd (a 'related party' of the Company) on the terms and conditions set out in the Explanatory Statement."

- 1.2 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("Non-Associated Shareholders").
- 1.3 When considering the Proposed Transaction, we have included any impact Resolution 4 will have on fairness and reasonableness.
- 1.4 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

- 1.5 This report has been prepared as a concise version of our full Independent Expert's Report at the request of the Board of Directors of Sangui Bio. In preparing this concise report, we have had regard to the requirements of Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 – Content of Expert Reports ("RG 111"), specifically RG111.105 to 106.
- 1.6 This concise report contains a summary of RSM's opinion as to whether the Proposed Transaction is fair and reasonable to shareholders of Regeneus not associated with the Proposed Transaction and is extracted from RSM's full report. In RSM's opinion, this concise report contains all the material information contained in the full report. The additional information incorporated in the full report includes:
- Detailed financial information in relation to Regeneus and Sangui Bio;
 - Details of the ongoing capital raise being conducted by Sangui Bio;
 - Our estimated Fair Value of Sangui Bio;
 - An industry overview in relation to the biotechnology industry in Australia;
 - Market valuation parameters relating to identified comparable companies to Sangui Bio;
 - List of sources of information; and
 - Declarations and disclosures.
- 1.7 A copy of this concise report will be included in the Notice to be provided to Shareholders prior to the General Meeting. This concise report should be considered in conjunction with, and not independently of, the information set out in the Notice. The full Independent Expert's Report ("IER") from which this summary has been extracted is available to Shareholders free of charge by emailing karolis.rosickas@regeneus.com. The full IER is available to view in a virtual data room subject to agreeing to a separate confidentiality agreement.

2. Summary and Conclusion

Opinion

2.1 In our opinion, and for the reasons set out in the following sections of this Report, the Proposed Transaction is **fair and reasonable** to Shareholders.

Approach

2.2 In assessing whether the Proposed Transaction is fair and reasonable to Shareholders, we have considered RG 111, which provides specific guidance as to how an expert is to appraise transactions.

2.3 Australian Securities Exchange (“ASX”) Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a related party or relevant substantial shareholder or any of its associates without the approval of holders of the entity’s ordinary securities.

2.4 An asset is considered substantial “if its value; or the value of the consideration for it is, or in the ASX’s opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX”.

2.5 ASX Listing Rule 10.5.10 sets out the requirement for the inclusion of an independent expert’s report opining on whether the transaction is fair and reasonable.

2.6 We have considered whether or not the Proposed Transaction is “fair” the Non-Associated Shareholders by assessing and comparing:

- The net outstanding balance of the PSF Loan (\$1.97 million); with
- The Fair Value of the 700,000 shares in Sangui Bio to be transferred from Regeneus to PSF (the “Settlement Shares”),

2.7 We have also considered whether the Proposed Transaction is “reasonable” to Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Shareholders in their decision of whether or not to approve the Proposed Transaction.

2.8 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this report.

2.9 An individual shareholder’s decision in relation to the Proposed Transaction may be influenced by their individual circumstances. If in doubt, shareholders should consult an independent advisor.

Summary of the Proposed Transaction

2.10 As announced on 25 February 2022, the Company entered into the PSF Loan, pursuant to which PSF agreed to provide loan funding to the Company of an amount up to the lesser of AUD\$4 million or USD\$3 million.

2.11 Pursuant to the loan facility agreement, PSF Loan was available to be utilised by Regeneus to fund its operational expenditure requirements. The PSF Loan was originally to be repaid on or before the earlier of:

- a) 30 September 2023; and
- b) the date on which the Company received a milestone payment of USD\$3 million pursuant to the licence and collaboration agreement with Kyocera Corporation.

-
- 2.12 As announced on 31 January 2023, the Company received a notice of termination dated 27 January 2023 from Kyocera Corporation under its licence and collaboration agreement. While the process under the licence and collaboration agreement in relation to the purported termination have not been fully worked through, at this stage the Company does not believe it is likely that any further milestone payments will be received from Kyocera and, therefore, such amounts will not be available to be utilised to repay the amounts owing under the PSF Loan.
- 2.13 On 28 February 2023, Regeneus announced that it had reached an agreement to settle the \$2.0 million outstanding loan and interest payable to PSF in exchange for the transfer from Regeneus to PSF of 700,000 shares in Sangui Bio and payment of \$400,000 in cash.
- 2.14 The \$400,000 partial cash settlement payment was made on 28 February 2023.

Key conditions of the Proposed Transaction

- 2.15 Completion of the Proposed Transaction is conditional subject to Regeneus obtaining shareholder approval pursuant to Listing Rule 10.1.

Rationale for the Proposed Transaction

- 2.16 The disposal of the Sangui Bio shares will result in the repayment of the outstanding PSF Loan of \$1.97 million, which will enable Regeneus to continue as a going concern.

Impact of Proposed Transaction on Regeneus' capital structure

- 2.17 There will be no impact of the Proposed Transaction on Regeneus' capital structure.

Profile of the PSF loan facility

- 2.18 PSF is a specialist structured finance company providing research and development ("R&D") tax incentive finance and mid-market corporate loans to emerging corporations domiciled in Australia. PSF has been operating since 2017 and has financed in excess of \$100 million in loans since its inception.
- 2.19 PSF is a related party of Regeneus as it is controlled by Barry Sechos, a non-executive Director of Regeneus. PSF has previously provided funding to Regeneus (\$2.0 million on 28 June 2018 and a further \$2.0 million on 28 February 2020, as per ASX announcements on these dates respectively. Both loans were fully paid off by June 2020.

Purpose of the PSF loan

- 2.20 Regeneus signed a licence and collaboration agreement with Kyocera Corporation (see ASX announcements on 11 August 2020 and 22 December 2021) in connection with the commercialisation and manufacture of Progenza™ in Japan. Pursuant to the licence and collaboration agreement with Kyocera, the next milestone payment of USD\$3.0 million was originally expected to be received by Regeneus in quarter 2, calendar year 2023.
- 2.21 Regeneus required further funding to take it through to the anticipated receipt of the next milestone payment from Kyocera, and, therefore, had reached agreement with PSF for the provision of loan funding.
- 2.22 On 27 January 2023, Regeneus received a notice of termination from Kyocera under the Licence Agreement, which terminated the Agreement for Kyocera's failure to meet its development target relating to establishment of first standard operating procedures for the manufacture of Progenza™ for the clinical trial to be held in Japan by 30 September 2022. As a result, no further milestone or other payments will be made by Kyocera under the Licence Agreement.

Profile of Sangui Bio

- 2.23 Sangui Bio is a Sydney-based life sciences company aiming to revolutionise how blood is analysed and used in medicine by shifting the focus to red blood cell (“RBC”) and micro sampling, with a view to create powerful investigatory tools for a range of inflammatory conditions with an initial focus on cancer.
- 2.24 Sangui Bio’s blood analysis platform comprises four key components: micro-sampled blood, conventional venous blood, lifestyle data and the clinical network. This platform has enabled novel findings about inflammatory and immune regulatory functions that have potential applications across biomarker discovery, diagnostics and therapeutic targets for most diseases including cancer, cardiac, metabolic, degenerative, autoimmune and infection. Key expertise includes the following:
- Exploratory proteomics;
 - Integrated clinical network;
 - Modular longitudinal analysis;
 - Vascular and microsample fractionation; and
 - Modulation of RBC function.
- 2.25 Sangui Bio is a pre-revenue and pre-earnings company at an early stage of development. Sangui Bio’s patent portfolio comprises three patent applications currently undergoing national phase examination based on recent discoveries in red blood cell biology and one provisional application.

Fairness

- 2.26 Based on our assessment, we consider the Fair Value of the Settlement Shares to be greater than the net outstanding balance of the PSF Loan, as set out in the table below.

Table 1 Assessment of fairness

	A\$'000
Net outstanding balance of the PSF Loan	\$1,973
Fair Value of the Settlement Shares (minority basis)	\$1,960

Source: RSM analysis

- 2.27 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we consider the Proposed Transaction to be **fair** to the Non-Associated Shareholders of Regeneus, as the net outstanding balance of the PSF Loan exceeds the Fair Value of the Settlement Shares. Under the Proposed Transaction, Regeneus will dispose of the Settlement Shares at a 0.7% premium to their Fair Value.

Reasonableness

- 2.28 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:
- the future prospects of the Company if the Proposed Transaction does not proceed; and
 - any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding;

Future Prospects of Regeneus if the Proposed Transaction Does Not Proceed

2.29 The Proposed Transaction is considered by the Board of Regeneus to be the only pathway to keep the Company solvent. If the Proposed Transaction does not proceed, PSF would call the loan, which will likely force the Company into liquidation.

Advantages of approving the Proposed Transaction

2.30 The advantages of approving the Proposed Transaction are:

Table 2 Proposed Transaction advantages

Advantage	Details
The Proposed Transaction is fair	The Proposed Transaction is fair to Non-Associated Shareholders.
Exit value achieved for a high risk investment	The Proposed Transaction represents an opportunity for an exit from an investment in a high risk biotechnology start-up business. Although the consideration reflects a discount to the Fair Value of the Settlement Shares, Regeneus will realise a gain of approximately \$1.96 million on this exit based on the original investment of \$700.
Reduced exposure to risk associated with Sangui Bio	There are uncertainties associated with Sangui Bio's proof-of-case ("POC") studies. There is no guarantee that these POC studies will lead to clinically effective products that obtain regulatory approval in major markets, or that the returns from the sale of such products will exceed the amount invested. The Proposed Transaction will eliminate Regeneus' exposure to Sangui Bio and the risks associated with Sangui Bio's activities.
Focus on core operations and assets	If the Proposed Transaction is approved, it will allow Regeneus to focus on its core operations and assets via additional non-dilutive funding, and allow the Company to continue as a going concern.
No dilution impact on existing shareholder structure	The Proposed Transaction will have no dilution impact on the existing shareholder structure of Regeneus. If the Proposed Transaction is not approved, Regeneus will need to seek alternative funding to meet its obligation to PSF by the final repayment date of 30 November 2023, which, depending on the nature of the funding, may have a dilutionary impact on the existing shareholders.

Disadvantages of approving the Proposed Transaction

2.31 The disadvantages of approving the Proposed Transaction are:

Table 3 Proposed Transaction disadvantages

Disadvantage	Details
Loss of exposure/access to Sangui Bio's POC studies	Loss of exposure/access to Sangui Bio's POC studies or future research and development programme. Regeneus will no longer own a stake in Sangui Bio after the Proposed Transaction and will have no participation in future potential revenue and earnings growth of Sangui Bio in the event of successful product commercialisation.

Alternative proposals

2.32 We are not aware of any alternative proposal at the current time which might offer Shareholders a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

2.33 In our opinion, the position of the Non-Associated Shareholders of Regeneus if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of Regeneus.

3. Valuation Approach

Basis of Valuation

- 3.1 The valuation of the Settlement Shares have been prepared on the basis of Fair Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

Valuation Methodologies

- 3.2 In assessing the Fair Value of the Settlement Shares, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 3.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

- 3.4 Market based methods estimate the Market Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:
- the quoted price for listed securities; and
 - industry specific methods.
- 3.5 The recent quoted price for listed securities method provides evidence of the Fair Value of a company's securities where they are publicly traded in an informed and liquid market.
- 3.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the Fair Value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the Fair Value of a company than other market-based valuation methods because they may not account for company specific risks and factors.

Income based methods

- 3.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow;
 - capitalisation of future maintainable earnings.
- 3.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

3.9 The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

3.10 Asset based methodologies estimate the Market Value of a company’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net tangible assets on a going concern basis.

3.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with high asset values compared to earnings and cash flows.

3.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.

3.13 The net tangible assets on a going concern method estimates the market values of the net tangible assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company’s assets are liquid, or for asset holding companies.

Selection of valuation methodologies

Valuation of the Settlement Shares

3.14 We have considered and determined the following variables when selecting our valuation methodologies of the Settlement Shares:

- future maintainable earnings;
- net asset position;
- product development stage;
- probability of product commercialisation; and
- illiquidity of Sangui Bio’s share to the general public

3.15 We have estimated the Fair Value of the Settlement Shares using the ongoing funding round by referencing the share price offered per Sangui Bio share under the ongoing capital raise. We have cross checked this approach by considering the relative valuation of comparable listed biotech companies with products at similar/more advanced stage of the development as Sangui Bio’s POC studies to the value of Sangui Bio implied by the ongoing funding round, where relevant details are available.

4. Valuation of Settlement Shares

Ongoing funding round

- 4.1 We have estimated the Fair Value of the Settlement Shares having had regard to the ongoing capital raise being conducted by Sangui Bio. The Fair Value of the Settlement Shares is indicative of the value of a marketable parcel of shares on a non-controlling (minority) basis.
- 4.2 As a cross check, we have considered the market capitalisation of publicly listed comparable companies with products at a similar or more advanced stage of development as Sangui Bio's POC studies and compared it to the Fair Value of Sangui Bio implied by the ongoing funding round.
- 4.3 When valuing securities, the liquidity of those securities and the marketability of those securities should be considered. Publicly listed companies by their nature have securities which are readily tradeable, have a higher level of liquidity and are more marketable than securities in privately owned companies and businesses. As such valuers often apply an additional discount to represent the lack of marketability of a parcel of securities in unlisted entities. For the purposes of this cross check, we have not applied a discount for lack of marketability, given the nature of this cross-check and the fact that majority of the shares in the comparable companies are thinly traded.
- 4.4 Given the numerous factors which may contribute to variances in the equity values of early-stage biotech companies, it is not possible to accurately reconcile or explain the variances in equity values of any two companies in detail. Accordingly, the relative valuation analysis is meant to provide a high-level reasonability check of the concluded value of the Settlement Shares based on the primary approach adopted.
- 4.5 Our relative valuation analysis indicates that the implied equity value of Sangui Bio falls within the market capitalisation range of comparable companies, and hence we consider our assessed Fair Value of the Settlement Shares to be reasonable.

An individual shareholder's decision in relation to the Proposed Transaction may be influenced by their individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

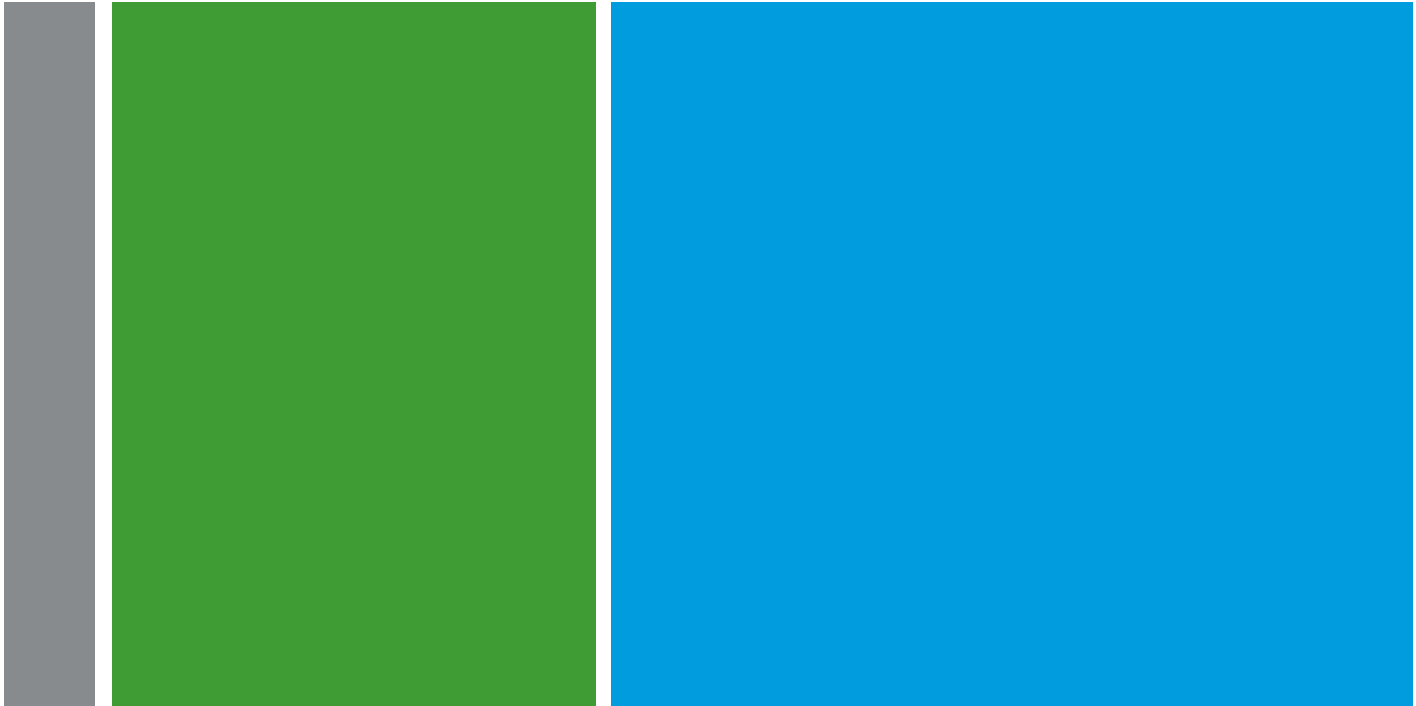
RSM CORPORATE AUSTRALIA PTY LTD



Andrew Clifford
Partner



Nadine Marke
Partner



APPENDICES

APPENDIX A - GLOSSARY OF TERMS AND ABBREVIATIONS

Term or Abbreviation	Definition
\$	Australian dollar
AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
ATO	Australian Taxation Office
AUD	Australian dollars
Company	Regeneus Ltd
DCF	Discounted cash flow
Directors	Directors of the Company
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FSG	Financial Services Guide
IER	This Independent Expert Report
Licence Agreement	The licence and collaboration agreement that the Company has entered with Kyocera Corporation.
Non-Associated Shareholders	Regeneus Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
POC	Proof-of-case
Proposed Transaction	Regeneus' proposal to settle its net balance of related party loan (with interest) from Paddington St Finance ("PSF"), through transfer of its minority shareholding consisting of 700,000 shares in Sangui Bio Pty Ltd ("Sangui Bio")
PSF	Paddington St Finance Pty Ltd
PSF Loan	Regeneus' loan facility with PSF, with a net outstanding balance of \$1.8 million.
R&D	Research and development
Regeneus	Regeneus Ltd
Report	This Independent Expert's Report prepared by RSM dated 6 October 2023
Resolution	The resolution set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
Sangui Bio	Sangui Bio Pty Ltd
Share or Sangui Bio Share	Ordinary fully paid share in the capital of Sangui Bio

Term or Abbreviation	Definition
Shareholder	A holder of Share
Settlement Shares	The 700,000 shares in Sangui Bio held by Regeneus, which will be transferred to PSF to settle the PSF Loan under the Proposed Transaction
USD	United States dollars

RSM Corporate Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, 2nd Floor, London EC4N 6JJ.

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rsm.com.au

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REGENEUS LTD
ACN 127 035 358

LODGE YOUR VOTE

-  **ONLINE**
<https://investorcentre.linkgroup.com>
-  **BY MAIL**
Regeneus Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
-  **BY FAX**
+61 2 9287 0309
-  **BY HAND**
Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150; or
Level 12, 680 George Street, Sydney NSW 2000
-  **ALL ENQUIRIES TO**
Telephone: 1300 554 474 Overseas: +61 1300 554 474



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PROXY FORM

I/We being a member(s) of Regeneus Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **1:00pm (Sydney time) on Thursday, 30 November 2023 at the Company's Registered Office located at 16 Goodhope Street Paddington NSW 2021 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).


The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

	For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of a Director, Barry Sechos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of additional placement capacity under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Disposal of Sanguis Bio Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **1:00pm (Sydney time) on Tuesday, 28 November 2023**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link <https://investorcentre.linkgroup.com> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Regeneus Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

or

Level 12
680 George Street
Sydney NSW 2000

*during business hours Monday to Friday (9:00am - 5:00pm)

REGENEUS LTD
ACN 127 035 358

LODGE YOUR QUESTIONS

 **ONLINE**
<https://investorcentre.linkgroup.com>

 **BY MAIL**
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Sydney South NSW 1235 Australia

 **BY FAX**
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 **ALL ENQUIRIES TO**
Telephone: 1300 554 474 Overseas: +61 1300 554 474



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Please use this form to submit any questions about Regeneus Limited ("the Company") that you would like us to respond to at the Company's 2023 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum. If your question is for the Company's auditor it should be relevant to the content of the auditor's report, or the conduct of the audit of the financial report.

This form must be received by the Company's share registrar, Link Market Services Limited, by **5:00pm (Sydney time) Thursday, 23 November 2023**.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

My question relates to *(please mark the most appropriate box)*

- | | | |
|---|--|---|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Remuneration Report | <input type="checkbox"/> Sustainability/Environment | <input type="checkbox"/> Other |
| <input type="checkbox"/> My question is for the auditor | <input type="checkbox"/> Future direction | |

SAMPLE

- | | | |
|---|--|---|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Remuneration Report | <input type="checkbox"/> Sustainability/Environment | <input type="checkbox"/> Other |
| <input type="checkbox"/> My question is for the auditor | <input type="checkbox"/> Future direction | |

SAMPLE

QUESTIONS