

24 April 2017

ASX Ltd
20 Bridge Street
Sydney
NSW 2000

Regeneus Ltd (ASX: RGS) – Quarterly results for the period ended 31 March 2017

The company's Appendix 4C – Quarterly Cash Flows Statement is attached.

The highlights for the quarterly reporting period include:

- Receipt of the upfront payment of US\$5.5million on 20 January 2017, in accordance with the terms of the strategic collaboration and licensing agreement with AGC of Japan.
- During the quarter withholding tax and transaction costs associated with the licence fee received of \$820k were paid. Additionally, the movement in the US\$ exchange rate had a material effect on the US\$ cash balance held reducing the A\$ equivalent by \$370k. The A\$ to US\$ exchange rate has softened since the end of the quarter reversing 20% of this exchange loss.
- Cash outflow for the quarter (after adjusting for the two previously mentioned items) was \$2.06 million. The increase over prior quarters reflects the planned acceleration of R&D activities.

The sources of funding for the company over the next 18 months include; the R&D tax incentive; shareholder loan repayments relating to the funding of employee options exercised as part of the IPO in 2013; and additional licensing and milestone payments. These sources of cash should ensure that the company has adequate funding to support its R&D, clinical trials and operating activities for FY'17 and FY'18.

Further licensing opportunities will provide additional funding for incremental activities.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Regeneus Ltd

ABN

13 127 035 358

Quarter ended ("current quarter")

31st March 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 7,900 | 8,530 |
| 1.2 Payments for | | |
| (a) research and development | (794) | (1,784) |
| (b) product manufacturing and operating costs | - | (55) |
| (c) advertising and marketing | (21) | (56) |
| (d) leased assets | - | - |
| (e) staff costs | (787) | (2,428) |
| (f) administration and corporate costs | (455) | (1,408) |
| 1.3 Dividends received (see note 3) | | - |
| 1.4 Interest received | - | 3 |
| 1.5 Interest and other costs of finance paid | (2) | (13) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | 2,732 |
| 1.8 Other (provide details if material) | (1,193) | (1,193) |
| 1.9 Net cash from / (used in) operating activities | 4,648 | 4,328 |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--|--|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (98) | (120) |
| (b) businesses (see item 10) | - | (1) |
| (c) investments | - | (1) |
| (d) intellectual property | - | - |
| (e) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) property, plant and equipment | - | 10 |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |
| (d) intellectual property | - | - |
| (e) 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) | - | - |
| 2.6 Net cash from / (used in) investing activities | (98) | (112) |
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | - |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from shareholder loan | - | 201 |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 Proceeds from borrowings | - | 1,250 |
| 3.6 Repayment of borrowings | - | (1,250) |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | - | 201 |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|---|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date | 396 | 529 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 4,648 | 4,328 |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (98) | (112) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | - | 201 |
| 4.5 Effect of movement in exchange rates on cash held | - | - |
| 4.6 Cash and cash equivalents at end of quarter | 4,946 | 4,946 |

| 5. Reconciliation of cash and cash equivalents at end of quarter (per consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|------------------------------------|-------------------------------------|
| 5.1 Bank balances | 4,771 | 44 |
| 5.2 Call deposits | 175 | 352 |
| 5.3 Bank overdrafts | | |
| 5.4 Other (provide details) | | |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 4,946 | 396 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| |
|------------------------------------|
| Current quarter \$A'000 |
|------------------------------------|

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| 167 |
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| 7. | Payments to related entities of the entity and their associates | Current quarter \$A'000 |
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 | Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

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| 8. | Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| 8.1 | Loan facilities | - | - |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |
| 8.4 | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

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| 9. | Estimated cash outflows for next quarter | \$A'000 |
| 9.1 | Research and development | (1,120) |
| 9.2 | Product manufacturing and operating costs | - |
| 9.3 | Advertising and marketing | (30) |
| 9.4 | Leased assets | - |
| 9.5 | Staff costs | (810) |
| 9.6 | Administration and corporate costs | (490) |
| 9.7 | Other | - |
| 9.8 | Total estimated cash outflows | (2,450) |

| | | | |
|------------|--|---------------------|------------------|
| 10. | Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
| 10.1 | Name of entity | | |
| 10.2 | Place of incorporation or registration | | |
| 10.3 | Consideration for acquisition or disposal | | |
| 10.4 | Total net assets | | |
| 10.5 | Nature of business | | |

Notes to be read in conjunction with this report

Item 1.8 Cash flows from operating activities – other \$1.19 million includes the following costs:

- | | |
|---|--------|
| - Withholding tax and transaction costs associated with Japan licence receipt | \$820k |
| - Exchange loss on cash held in US\$ bank account | \$370k |

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.

Sign here:


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(Director/Company secretary)

Date: 24 April 2017

Print name: John Martin .

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.