

Regeneus Ltd
ABN 13 127 035 358

ASX Half-Year Report for 6 months to 31st December 2023

Provided to the ASX under Rule 4.2.A.3

This report is to be read in conjunction with the Annual Report for the year ended 30th June 2023 and any public announcements made during the reporting period, in accordance with the continuous disclosure requirements of the Australian Stock Exchange Listing Rules and the Corporations Act 2011.

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Results for announcement to the market

Half-Year Report

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Appendix 4D

Half-Year Report for the 6 months to 31st December 2023

Regeneus Ltd – ABN 13 127 035 358

Reporting period

Report for the half-year ended 31st December 2023
Corresponding period is for the half-year ended 31st December 2022

Results for announcement to the market

	Up/Down	% change		\$'000's
Revenue from ordinary activities	Down	-100%	to	-
(Loss)/Profit from ordinary activities after tax attributable to members	Down	-54%	to	(1,115)
Net (Loss)/Profit from ordinary activities attributable to the member	Down	-54%	to	(1,115)
It is not proposed to pay any dividend				
Full details are in the attached accounts.				

Net Tangible assets per security

The net tangible assets (liabilities) per security
31st December 2023 (\$0.004) cents
31st December 2022 (\$0.003) cents

Independent review of the financial information

The independent auditor review is attached to the half-year financial statements.

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Half-Year Report

31 December 2023

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01 Directors' Report

Your Directors present their half-year report for Regeneus Ltd (**Regeneus** or the **Company**) and its controlled entities (the **Group**) for the half-year ended 31 December 2023, in order to comply with the provisions of the Corporations Act 2001. The Directors' report the following information.

1. Directors

The following persons were Directors of Regeneus during the whole of the half-year and up to the date of this report, unless otherwise stated.

Name	Position
Barry Sechos	Non-executive Chairman, member of the Remuneration and Nominations Committee, Chair of the Audit and Risk Committee
Leo Lee	Non-Executive Director, Chair of the Remuneration and Nominations Committee, member of the Audit and Risk Committee
Professor Graham Vesey	CSO and Executive Director

2. Review of operations

Overview and strategy

- Regeneus has signed a binding indicative offer letter to merge.
- On 14 February 2024, Regeneus signed a binding merger agreement with Cambium Medical Technologies, LLC (CMT/Cambium), a United States-based, clinical-stage regenerative medicine company developing a Phase 3-ready biologic therapeutic, Elate Ocular®, to treat dry eye disease. The Company will hold an Extraordinary General Meeting for shareholders to approve the issue of shares to Cambium shareholders on 28 March 2024.
- An R&D Tax Incentive of AU\$487k was received from the Australian Tax Office for FY2023.
- Regeneus obtained prefinancing of AU\$347k from Radium Capital, representing 80% of the anticipated Research & Development Tax Incentive Rebate for the first 9 months of FY2023. The Company received its FY2023 R&D rebate totalling \$487k and repaid the loan from Radium Capital in full in September 2023.
- Regeneus reached agreement to settle the AU\$2 million outstanding loan and interest and fees payable to Paddington St Finance under the PSF Facility, in exchange for the payment of AU\$400,000 in cash and the transfer from Regeneus to Paddington St Finance of 700,000 shares in Sangui Bio. The cash payment was made on 1st March 2023. The transfer of Sangui Bio shares was approved by shareholders at the AGM on 30 November 2023 and the outstanding loan and interest payable had since been settled.
- The Company's operations were further optimized by reducing headcount and operating expenses.
- Regeneus is exploring opportunities to dispose of non-core assets to improve the Company's liquidity position. For example, Regeneus has accumulated Good Manufacturing Practices (GMP) grade and non-GMP grade donor material in excess of its current, and anticipated future, needs. The Company is in discussions with external parties to sell the donor material (stromal vascular fraction or isolated mesenchymal stem cells). The sale of select donor material, if achieved, is expected to improve the Company's liquidity position.

01 Directors' Report

3. Financial results

Operating results

The Group's operating result for the 6-month period to 31 December 2023 (H1 FY2024) was a loss of \$1.11m, compared to a loss of \$2.44m for the previous corresponding period (H1 FY2023).

Revenue and gross margin from continuing operations

Revenue for the 6-month period to 31 December 2023 was nil, compared to \$28k for the previous corresponding period (H1 FY2023), received from Kyocera on commencing manufacturing of Progenza in Japan.

Other income

The Group's research and development activities are eligible expenditure under the Australian Government tax incentive.

The R&D tax incentive recognised in the Consolidated Statement of Profit or Loss for the period to 31 December 2023 is nil as the group has put a pause on the R&D activities. (31 December 2022: \$0.8m)

Events subsequent to the end of the reporting date

On 14 February 2024, Regeneus signed a binding merger agreement with Cambium Medical Technologies, LLC, a United States-based, clinical-stage regenerative medicine company developing a Phase 3-ready biologic therapeutic, Elate Ocular®, to treat dry eye disease. The Company will hold an Extraordinary General Meeting for shareholders to approve the issue of shares to Cambium shareholders on 28 March 2024

There has not arisen in the interval between 31 December 2023 and the date of this report, any other event that would have had any material effect on the Financial Statements at 31 December 2023.

Expenses from continuing operations

Research and Development

Expenditure on research in the half-year period to 31 December 2023 was \$30k compared to 31 December 2022 of \$399k.

The current accounting policy, and to comply with the accounting standards, is that all costs incurred for research are fully expensed. This policy is being continually reviewed as products move toward licensing and commercialisation.

Corporate

Corporate expenses at approximately \$814k in half year FY2024 compared to \$945k in the previous corresponding period.

Occupancy

Occupancy expenditure is nil in half year FY2024 (31 December 2022: \$8k) There is no occupancy cost as Regeneus terminated the lease of the laboratory space in Belrose, NSW in February 2023.

Cash flows

The net outflow for the period was \$276k compared to the prior corresponding period inflow 31 December 2022: \$931k.

	31 Dec 23 \$	31 Dec 22 \$	Movement \$
Cash flows (used in) / from operating activities	148,254	(43,064)	191,318
Cash flows (used in) investing activities	(76,884)	7,725	(84,609)
Cash flows (used in) / provided by financing activities	(347,015)	966,778	(1,313,793)
Net cash flows	(275,645)	931,439	(1,207,084)

Operating activities

Net cash inflow from operating activities in H1 FY 2024 is \$148k, a significant difference on net cash outflow in H1 FY2023 of \$43k. This represents the ongoing benefit of the Company's initiatives to reduce operating costs in line with its revised strategic direction.

01 Directors' Report

Financing activities

\$347k cash outflow in financing activities in H1 FY 2024, relates to a repayment of the loan from Radium Capital.

Comparing to the same period last year, the cash inflow was \$967k. It was mainly contributed from the \$970k drawdown from the cashflow facility from Paddington St Finance Pty Ltd. The Company settled the outstanding loan and interest payable in full after the approval by shareholders was obtained at the 2023 AGM held on 30 November 2023.

Significant changes in state of affairs

In September 2023, the Company received a \$487k Research & Development Tax Incentive rebate. The Company used part of the funds to repay the \$347k loan from Radium Capital.

Regeneus reached an agreement to settle the \$2.0 million outstanding loan and interest payable to Paddington St Finance Pty Ltd in exchange for the transfer from Regeneus to Paddington St Finance of 700,000 shares in Sangui Bio Pty Ltd (Sangui Bio) and payment of \$400,000 in cash. The cash payment was made on 1st March 2023. The Company settled the outstanding loan and interest payable after the approval by shareholders was obtained at the 2023 AGM held on 30 November 2023.

There were no further significant changes in the Group's state of affairs during the half year FY24.

Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is included on page 5 of this report.

Rounding

The amounts shown in this Financial Report, including the Directors' report, have been rounded off, except where otherwise stated, to the nearest dollar as the Company is in a class specified in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016.

Signed in accordance with a resolution of the Board of Directors:



Barry Sechos

Non-executive Chairman

29 February 2024

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02 Auditor's Independence Declaration



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29 February 2024

Board of Directors
Regeneus Limited
16 Goodhope Street
Paddington, NSW 2021, Australia

Dear Sirs

RE: REGENEUS LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Regeneus Limited.

As Audit Director for the review of the financial statements of Regeneus Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirodkar
Director

Liability limited by a scheme approved under Professional Standards Legislation



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03 Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December	Note	31 Dec 23 \$	31 Dec 22 \$
Revenue	7	1	28,224
Cost of sales		-	-
Gross profit		-	28,224
Other income	7	-	836,125
Research and development expenses		(29,818)	(398,986)
Occupancy expenses		-	(7,953)
Corporate expenses		(813,659)	(944,785)
Transaction costs related to Mergers and Acquisitions		(324,639)	
Finance costs		(191,644)	(129,121)
Profit on settlement of financial liability	13	244,862	-
Loss on written off investments		-	(1,750,000)
Impairment on Shareholders loan		-	(69,273)
(Loss) before income tax		(1,114,897)	(2,435,769)
Income tax expense	8	-	-
(Loss) for the period		(1,114,897)	(2,435,769)
Other comprehensive income			-
Total comprehensive loss) for the period		(1,114,897)	(2,435,769)
Earnings per share			
Basic (loss)/earnings per share from continuing operations	9	(0.004)	(0.008)
Diluted (loss)/earnings per share from continuing operations	9	(0.004)	(0.008)

Note: This statement should be read in conjunction with the accompanying notes.

03 Consolidated Statement of Financial Position

As at 31 December	Note	31 Dec 23 \$	30 Jun 23 \$
Current assets			
Cash and cash equivalents		27,147	302,792
R&D tax incentive receivable		-	382,913
Other current assets		61,728	28,071
Asset held for sale	13	-	1,750,000
Total current assets		88,875	2,463,776
Non-current assets			
Property, plant and equipment		-	708
Total non-current assets		-	708
Total assets		88,875	2,464,484
Current liabilities			
Trade & other payables		999,586	347,038
Provisions		81,409	81,254
Liability relates to asset held for sale	14	-	1,814,135
R&D tax incentive payable		104,029	-
Borrowings		-	347,015
Total current liabilities		1,185,024	2,589,442
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		1,185,024	2,589,442
Net assets		(1,096,149)	(124,958)
Equity			
Issued capital	10	38,618,762	38,618,762
Accumulated losses		(41,701,903)	(40,587,006)
Reserves		1,986,992	1,843,286
Total equity		(1,096,149)	(124,958)

Note: This statement should be read in conjunction with the notes to the financial statements

03 Consolidated Statement of Changes in Equity

For the half-year ended 31 December	Share capital \$	Share option reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	38,618,762	1,407,339	(38,951,310)	1,074,791
Loss for the period	-	-	(2,435,769)	(2,435,769)
Employee share-based payment options issued	-	297,456	-	297,456
Employee share-based payment options forfeited	-	-	-	-
Transfer from reserves to retained earnings for options lapsed	-	-	-	-
Issue of share capital net of transaction costs	-	-	-	-
Balance at 31 December 2022	38,618,762	1,704,795	(41,387,079)	(1,063,522)
Balance at 1 July 2023	38,618,762	1,843,286	(40,587,006)	(124,958)
Loss for the period	-	-	(1,114,897)	(1,114,897)
Employee share-based payment options issued	-	143,706	-	143,706
Employee share-based payment options forfeited	-	-	-	-
Transfer from reserves to retained earnings for options lapsed	-	-	-	-
Issue of share capital net of transaction costs	-	-	-	-
Balance at 31 December 2023	38,618,762	1,986,992	(41,701,903)	(1,096,149)

Note: This statement should be read in conjunction with the notes to the financial statements.

03 Consolidated Statement of Cash Flows

For the half-year ended 31 December	31 Dec 23 \$	31 Dec 22 \$
Operating activities		
Receipts from customers	-	28,207
Payments to suppliers and employees	(328,439)	(1,171,885)
Interest received	-	15
R&D tax incentive refund	486,942	1,050,303
Grant receipts	-	93,000
Finance costs	(10,249)	(42,704)
Net cash (used in) / from operating activities	148,254	(43,064)
Investing activities		
Purchase of property, plant and equipment	(2,272)	-
Receipts from sale of property, plant and equipment	-	7,725
Transaction costs related to Mergers and Acquisitions	(74,612)	-
Net cash (used in) / from investing activities	(76,884)	7,725
Financing activities		
Payments for lease liabilities	-	(3,222)
Proceeds from related party loan	-	970,000
Repayments of third party loans	(347,015)	-
Net cash (used in) / from financing activities	(347,015)	966,778
Net change in cash and cash equivalents held	(275,645)	931,439
Cash and cash equivalents at beginning of period	302,792	95,122
Cash and cash equivalents at end of period	27,147	1,026,561

Note: This statement should be read in conjunction with the notes to the financial statements.

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04 Notes to the Consolidated Financial Statements

1. Nature of operations

Regeneus is a Sydney based Australian Securities Exchange (ASX) listed clinical stage regenerative medicine company that develops innovative cell-based therapies to address significant unmet medical needs in the human health markets with a focus on osteoarthritis and other musculoskeletal disorders, neuropathic pain and dermatology.

Regenerative medicine is a rapidly growing multidisciplinary specialty that is focused on the repair or regeneration of cells, tissues and organs. The primary goal is to enhance the body's natural ability to replace tissue damaged or destroyed by injury or disease.

Where commercial opportunities are identified, the Group seeks to licence appropriate parties.

2. General information and basis of preparation

The half-year consolidated financial statements of the Group are for the six months ended 31 December 2023 and are presented in Australian dollars (\$), which is the functional currency of the parent company.

These general purpose half-year financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2023 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The half-year financial statements have been approved and authorised for issue by the Board of Directors on 29 February 2024.

3. Going concern basis of accounting

The Directors have prepared the financial statements on a going concern basis which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. In making their going concern assessment the Directors have considered the following:

As disclosed in the financial statements, for the half-year ended 31 December 2023, the Group made a loss of \$1.11m (2022: \$2.44m), with net cash inflows from operating activities of \$148k (2022: outflow \$43k). As at that date, the Company had a net current asset deficiency \$1.10m (2022: net current assets deficiency \$1.07m).

On 14 February 2024, Regeneus signed a binding merger agreement with Cambium Medical Technologies, LLC, a US based clinical stage regenerative medicine company developing a biologic therapeutic to treat dry eye disease. The Company will hold an Extraordinary General Meeting for shareholders to approve the issue of shares to Cambium shareholders on 28 March 2024. Subject to shareholder approval of the issue of shares, the Company expects that closing of the merger will occur on or shortly after the date of the shareholder meeting, and on issue of these shares the merger will be complete.

Following completion of the merger, the Company (to be renamed Cambium Bio Limited), intends to undertake a capital raise, in order to fund its operations and to enable it to commence the initiation of early-stage experiments necessary to enable the commencement of Phase 3 trials in respect of Cambium's biologic therapeutic, Elate Ocular®, to treat dry eye disease.

The Company is in discussions to obtain additional funding from existing CMT shareholder(s) and other potential investors. To date, a major shareholder of Cambium has confirmed its intention to subscribe for shares in the Company of approximately \$1 million. While no formal agreement on the funding has been entered into, the Company expects that this additional funding will be provided following completion of the merger. In addition to this, another potential investor is currently undertaking due diligence on the newly combined entity with a view to making a substantial investment in the Company.

In addition to the above, the Group continues to explore opportunities to dispose of non-core assets to improve its liquidity position. Regeneus has accumulated Good Manufacturing Practices (GMP) grade and non-GMP grade donor material in excess of its current, and anticipated future, needs. The Company continues with its discussions with external parties to sell the donor material (stromal vascular fraction or isolated mesenchymal stem cells). The sale of select donor material, if achieved, is expected to improve the Group's liquidity position. The potential sale of non-core assets, if successful, will further extend the cash runway of the Group.

The Company has undertaken further restructuring measures in 2024 to reduce monthly operating expenses to finalise the merger with CMT.

The Company will also continue to explore further licensing opportunities for Progenza in global territories.

The continuing ability of the Group to continue as a going concern and to undertake further activities is dependent on the successful completion of the merger with CMT and the capital raising activities detailed above.

There is however material uncertainty related to events or conditions that may cast doubt on the Group's ability to continue as a going concern if it is unable to complete the merger with CMT and raise additional moneys beyond the \$1 million from the

04 Notes to the Consolidated Financial Statements

Cambium shareholder referred to above. In those circumstances, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in this Financial Report.

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group will be able to complete the merger with CMT and raise sufficient capital from shareholders of the combined entity and other parties to continue as a going concern.

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the Financial Report as at 31 December 2023. Accordingly, no adjustments have been made to the Financial Report relating to the recoverability and the classification of liabilities that might be necessary should the Group not continue as a going concern.

4. Significant accounting policies

The half-year financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2023.

5. Estimates

When preparing the half-year financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

6. Segment reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Group's operating segment is based on the internal reports that are reviewed and used by the Board of Directors (being the CODM) in assessing performance and in determining the allocation of resources. Reports provided to the CODM reference the Group operating in one segment, being the development of innovative cell-based therapies to address significant unmet medical needs in the human health markets. Initial focus is osteoarthritis and other musculoskeletal disorders, neuropathic pain and dermatology.

7. Revenue and other income

The Groups revenue and other income include the following:

	31 Dec 23 \$	31 Dec 22 \$
Operating activities		
Interest received	1	17
Licence fee revenue	-	28,207
Total revenue	1	28,224
Other income		
R&D tax incentive	-	836,125
Other income	-	836,125

On 27 January 2023 Regeneus received a notice of termination (Notice) from Kyocera under the Licence Agreement. The Notice purports to terminate the Agreement for Kyocera's failure to meet its Development Target. As a result of the purported termination of the Licence Agreement, Kyocera have indicated that no further milestone or other payments will be made under the Licence Agreement.

R&D tax incentive

The Group's research and development activities are eligible expenditure under the Australian Government tax incentive program. Under this program the government provides a cash refund for 43.5%.

The R&D tax incentive recognised in the Consolidated Statement of Profit or Loss for the period to 31 December 2023 is nil as the group has put a pause on the R&D activities. (31 December 2022: \$0.8m)

04 Notes to the Consolidated Financial Statements

8. Income tax expense

No income tax expense or liability has been recognised in the half-year accounts. The Group's accounting loss as at 31 December 2023 is \$1,114,897 which would be added to the unused tax losses as at 30 June 2023 of \$15,467,093 (30 June 2022: \$13,351,320) which have not previously been brought to account. The losses mentioned includes capital loss of \$ 840,895. A full income tax expense calculation for the financial year will be completed in the annual accounts.

	31 Dec 23 \$
Accounting loss before tax	(1,114,897)
Tax rate	25%
Prima facie tax payable on profit before income tax	(278,724)
Tax losses not brought to account	278,724
Income tax expense	-

9. Earnings per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the parent company (Regeneus Ltd) as the numerator, i.e., no adjustments to losses were necessary during the six-month period to 31 December 2023 and 31 December 2022

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31 Dec 23 \$	31 Dec 22 \$
Basic earnings per share from continuing operations	(0.004)	(0.008)
The weighted average number of ordinary shares used as the denominator on calculating the EPS	306,436,914	306,436,914
Diluted earnings per share		
Diluted earnings per share from continuing operations	(0.004)	(0.008)
The weighted average number of ordinary shares used as the denominator on calculating the DEPS	306,436,914	306,436,914

At 31 December 2023 share options are not included in the diluted EPS calculation because they are anti-dilutive. (2022: nil)

10. Share Capital

The share capital of Regeneus Ltd consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Regeneus Ltd.

	Shares		\$	
Share Capital	31 Dec 23	30 June 23	31 Dec 23	30 June 23
Beginning of the period	306,436,914	306,436,914	38,618,762	38,618,762
Shares issued and fully paid	-	-	-	-
Closing balance	306,436,914	306,436,914	38,618,762	38,618,762

04 Notes to the Consolidated Financial Statements

The Company has 31,412,833 options on issue to acquire ordinary shares in the Company. These options are unlisted, restricted and summarised as follows:

Share options	31 Dec 23 Number	30 Jun 23 Number
Employee share option plan	26,362,833	26,362,833
Share option agreement	5,050,000	5,050,000
	31,412,833	31,412,833

During 6 months ending 31 December 2023, no shares were issued, no options were issued/exercised.

11. Share-based payments

The grant date fair value of options granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity within the shares options reserve. The amount recognised is adjusted to reflect the actual number of the share options vested.

All share-based remuneration will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

The fair value of share options calculated using the Black-Scholes pricing model.

For the options outstanding at period end, the following inputs were used:

Grant date	31 Jan 19	1 Sep 19	1 July 20	14 Oct 20	14 Oct 20	24 May 21	24 May 21	24 May 21
Share price at date of grant	\$0.155	\$0.070	\$0.070	\$0.160	\$0.160	\$0.095	\$0.095	\$0.095
Volatility	65%	85%	75%	65%	65%	90%	90%	90%
Option life	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Risk free investment rate	1.900%	0.680%	0.40%	0.32%	0.32%	0.500%	0.500%	0.500%
Fair value at grant date	\$0.0767	\$0.0424	\$0.0370	\$0.1002	\$0.0908	\$0.067	\$0.067	\$0.067
Exercise price at date of grant	\$0.20	\$0.10	\$0.10	\$0.1075	\$0.14	\$0.10	\$0.10	\$0.10

Employee benefits expenses in the profit or loss includes a debit of \$143,706 relating to employee share options (Dec 2021: \$297,456).

Share options granted under the option plans	31 Dec 23		30 Jun 23	
	Number	Weighted avg exercise price \$	Number	Weighted avg exercise price \$
Options outstanding at beginning of period	27,612,833	0.11	29,524,143	0.11
Granted	-	-	-	-
Forfeited / lapsed	-	-	(1,911,310)	0.10
Outstanding at end of period	27,612,833	0.11	27,612,833	0.11
Exercisable at end of period	27,612,833	0.11	12,269,666	0.11

04 Notes to the Consolidated Financial Statements

12. Related party transactions

Repayment of liabilities directly associated with assets classified as held for sale

On 25 February 2022, the Group signed a loan facility agreement with Paddington St Finance Pty Ltd, a related party. The maximum loan value of the facility is the lesser of (i) AUD\$4 million; and (ii) USD\$3 million. The loan forward funds the receipt of the next milestone payment of US\$3million receivable under the licence and collaboration agreement with Kyocera.

Regeneus settled the AU\$2 million outstanding loan and interest and fees payable to Paddington St Finance under the PSF Facility, in exchange for the payment of AU\$400,000 in cash and the transfer from Regeneus to Paddington St Finance of 700,000 shares in Sangui Bio. The cash payment of A\$400,000 was made on 1st March 2023. The transfer of the 700,000 Sangui Bio shares was approved by shareholders at the AGM on 30 November 2023 and the outstanding loan and interest payable has since been settled. (Refer to Note 14)

Director fees totalling \$190k payable to Directors remain owing as at 31 December 2023.

13. Asset held for sale

Sangui Bio Pty Ltd Investment

In July 2016, the Company assigned a non-core patent application relating to the use of cytokines as biomarkers in red blood cells in exchange for an interest in a new venture, Sangui Bio Pty Ltd, comprising 700,000 ordinary shares in Sangui Bio. Since this date Sangui Bio has continued to undertake further research to develop the IP and other facets of the business.

In March 2023, Sangui Bio commenced a capital raise, which is still on-going. The Company has retained the value of its Sangui Bio holding at \$2.50 per share, being the price at which Sangui Bio last raised capital in June 2021.

Investment as at 30-Jun-23	Price Per Share	Number of shares	Total Valuation
Sangui Bio Pty Ltd Investment	\$2.50	700,000	1,750,000

In February 2023, Regeneus reached an agreement to settle the AU\$2 million outstanding loan and interest payable to Paddington St Finance under the PSF Facility, in exchange for the payment of AU\$400,000 in cash and the transfer from Regeneus to Paddington St Finance of 700,000 shares in Sangui Bio. The cash payment of A\$400,000 was made on 1st March 2023. The transfer of the 700,000 Sangui Bio shares was approved by shareholders at the 2023 AGM held on 30 November 2023 and the outstanding loan and interest payable had been settled subsequently.

	Valuation
Sangui Bio Pty Ltd as at 30-Jun-23	1,750,000
Revaluation per settlement agreement	244,862
Sangui Bio Pty Ltd as at 30-Nov-23	1,994,862
Transfer of Sangui Bio shares	(1,994,862)
Balance as at 31-Dec-23	-

04 Notes to the Consolidated Financial Statements

14. Liabilities directly associated with assets classified as held for sale

Regeneus settled the AU\$2 million outstanding loan and interest and fees payable to Paddington St Finance under the PSF Facility, in exchange for the payment of AU\$400,000 in cash and the transfer from Regeneus to Paddington St Finance of 700,000 shares in Sangui Bio. The cash payment of AU\$400,000 was made on 1st March 2023. The transfer of the 700,000 Sangui Bio shares was approved by shareholders at the 2023 AGM held on 30 November 2023 and the outstanding loan and interest payable has since been settled.

	31-Dec-2023 \$	30-Jun-23 \$
Loan facility	1,600,000	1,600,000
Unpaid interest	334,862	154,135
Unpaid fee	60,000	60,000
Transfer of Sangui Bio shares	(1,994,862)	-
Total Liabilities directly associated with assets classified as held for sale	-	1,814,135

15. R&D tax incentive payable

No dividends were paid during the period (2022: \$nil).

16. Dividends

No dividends were paid during the period (2022: \$nil).

17. Contingent liabilities

A claim has been received for reimbursement of additional expenditure from a group that undertook an animal trial for the Group in 2015 through to 2018. Management believe it is an ambit claim with little merit and will pursue avenues to minimise this claim and may potentially seek reimbursement of the costs of the failed trial paid to date. It is anticipated the net claim including costs would not exceed \$50,000.

Other than the above, the Group had no contingent liabilities as at 31 December 2023 (31 December 2022: Nil).

18. Events after the reporting date

On 14 February 2024, Regeneus signed a binding merger agreement with Cambium Medical Technologies, LLC, a United States-based, clinical-stage regenerative medicine company developing a Phase 3-ready biologic therapeutic, Elate Ocular®, to treat dry eye disease. The Company will hold an Extraordinary General Meeting for shareholders to approve the issue of shares to Cambium shareholders on 28 March 2024. There has not arisen in the interval between 31 December 2023 and the date of this report, any other event that would have had any material effect on the Financial Statements at 31 December 2023.

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05 Director's Declaration

Directors' declaration

1. In the opinion of the Directors of Regeneus Ltd:

- a. the consolidated financial statements and notes of Regeneus Ltd are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of its financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - ii) complying with Accounting Standard AASB 134 Interim Financial Reporting; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors:



Non-executive Chairman

Barry Sechos

Dated 29 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF REGENEUS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Regeneus Limited, which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that causes us believe that the accompanying half-year financial report of Regeneus Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Regeneus Limited's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Group on 29 February 2024.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the half year financial report, which indicates that the Group incurred a net loss of \$1,114,897 during the period ended 31 December 2023 and the condensed consolidated statement of cash flows reflects net operating cash inflows of \$148,254. Further, the consolidated statement of financial position reflects a working capital deficiency of \$1,096,149 and a net asset deficiency of \$1,096,149.

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The ability of the Group to continue as a going concern and meet its planned operating, administration and other commitments is dependent upon the Group meeting the key assumptions in its cashflow budgets as discussed in note 3 and/or raising further working capital and completing the sale of its non-core assets. In the event that the Group is not successful in meeting the assumptions in the cashflow budgets and/or raising further working capital and completing the sale of its non-core assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Responsibility of the Directors for the Financial Report

The directors of Regeneus Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD (An Authorised Audit Company)

Samir Tirodkar
Director

West Perth, Western Australia
29 February 2024

Registered Office and Principal Place of Business

16 Goodhope Street
Paddington, NSW 2021, Australia

Board of Directors

Barry Sechos (Non-executive Chairman)
Leo Lee (Non-executive Director)
Professor Graham Vesey (Executive Director)

Chief Executive Officer

Karolis Rosickas

Company Secretary

Hang Ling (Helen) Leung

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Australian Securities Exchange
ASX Code: RGS